

EFFECT OF STRATEGIC PROCUREMENT ON THE PERFORMANCE OF PARASTATALS IN KENYA

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ABSTRACT

The study sought to evaluate the effect of strategic procurement on the performance of parastatals in Kenya. The study was guided by the following specific objectives: to assess the influence of strategic sourcing on the performance of parastatals in Kenya; to establish the influence of outsourcing on the performance of parastatals in Kenya; to determine the influence of information technology on the performance of parastatals in Kenya; and to evaluate the influence of inventory management systems on the performance of parastatals in Kenya. The study was guided by Resource-Based View theory, The Partnership Theory, Dynamic Capability Theory, Just in time theory, and Contingency Theory of Management. The study employed descriptive research design. The target population for the study was 187 parastatals in Kenya (Ministry of Devolution, 2019). Purposive sampling technique was used to select 128 parastatals. The study used both primary and secondary data. Primary data was collected by use of Questionnaires. The questionnaire also comprised of both open and closed-ended questions. Quantitative data was analyzed using SPSS version 21. Presentation of data was done through use of Tables and figures. The study concludes that strategic sourcing has a positive and significant effect on the performance of parastatals in Kenya. In addition, the study concludes that outsourcing has a positive and significant effect on the performance of parastatals in Kenya. Further, the study concludes that information technology has a positive and significant effect on the performance of parastatals in Kenya. The study found that inventory management systems have a positive and significant effect on the performance of parastatals in Kenya. From the results, the study recommends technical expertise, matching supply and demand and value for money to improve performance of government parastatals in Kenya. In addition, the study also recommends risk transfer; focus on core competencies and technical capacity to improve performance of government parastatals in Kenya.

Key Words: *Strategic Sourcing, Outsourcing, Performance*

INTRODUCTION

Strategic procurement will offer numerous advantages to a company and the strategic organizational position (Murray, 2017), helping to coordinate purchasing processes that lead to more considerable savings and improved service from vendors, accelerating the exchange of relevant information between customers and suppliers, minimizing staff time, freeing them from other tasks and also assisting the supplier (Hemmatfar, 2016). The operational advantages of the company's strategy include improving financial control through easier order compliance, improving audit and improving security by allowing employees and auditors to monitor and verify order movements through the system, as well as removing time-area barriers, as e-procurement could be used at any point of the day (Ordanini & Rubera, 2016).

The global marketplace has been very dynamic to adapt to increased global demands, requiring products and services for customers; several companies, such as procurement and performance analysis, have taken on strategies' (Noe et al. 2017). Iben et al. (2018) conclude that managers in any business sector like retail, utilities, education, and Government will introduce strategically acquisition, and improved goods, facilities, customers and employees are happier, cost reduction, better financial results, increased competition and enhanced performance (Baden, Harwood & Woodward, 2016). Central Government procurements vary between 9 to 13 percent in the Middle East and Africa in general (Basheka, 2018). It demonstrates that public procurement in a nation plays an essential role (Eyaa, & Oluka, 2015). Therefore, the economic and political consequences of public procurement are significant, and the mechanism must be active and productive. This needs, in part, that the whole procurement process be clearly understood by stakeholders, such as the Government, the procurement agencies and the corporate sector (Hardy & Williams, 2018) and the general public. DE Mariz, Ménard and Abeillé (2015) argued that many procurement managers in many Africa Governmental institutions are not qualified in successful procurement performance, and this adds to the wasting of procurement funds as most African learning facilities have no effective public procurement results. The existence of weak contract performance marked by delays in payment payments for vendors' greatly hindered capacity to provide a timely service resulting in delayed deadlines and timeframes in corporate procurement (Knight et al., 2015).

Organizations need to consider on-going environmental changes to leverage sufficient skills and knowledge to be successful in a completely unpredictable world (Egbu, 2016). In this, we will look at the capabilities and opportunities for parastatals through Kenya to leverage their competitive capacities, vulnerabilities, and risks so that their impacts on procurement performance can be reduced (Pereira, Christopher & Da Silva, 2018). Kenya is at the stage of development in which parastatal activities, corporate funding approaches, regulatory rules and

regulations are approved. The financial issue is already one of the barriers to policy systems growth and management in Kenya (Rendon & Rendon, 2015).

A parastatal is a legal body founded on behalf of a government to conduct trade (Lindauer, 2018). Additionally, the public sector or the state company can be applied as the sector of the economy controlled by the Government for the delivery of essential Government services. The Government needs to provide such basic services because of the growing number of employees it represents. For this report to concentrate on all parastatals, Kenya has one hundred eighty-seven parastatals classified by their mandates, that is, administrative, utility, industrial, and manufacturing (User, 2020). A State Companies Act Cap 446, the Act of Parliament, states that Government companies must be created, that state corporations are governed and supervised and that is connected with them. Following Section 3 of that Act, the Chairman may by order, set up a parastatal corporation to fulfill the functions set out in that section ("Inspectorate of State Corporations ", 2020). He then delegates to the Deputy Chairman and several cabinet secretaries ministerial responsibility for any Government business and matters relating to them ("Inspectorate of State Corporations ", 2020).

Each state company shall, under the same Act, Section 5, have the necessary or appropriate powers to perform its tasks under the State Corporations Act (2015). In regards, a State Company Advisory Board (SCAC), as set up in Section 27 of the Act but also in several other sections of the Act giving several statutory functions, has been mandated to advise the Government in all questions about the general administration of State Corporations (www.scac.go.ke). The Government should put in place measures to improve the performance of corporations to enable them to refund the funds paid on their behalf (Kyereboa & Biekpe, 2016). The financial achievement of parastatals is becoming a focus of interest, and one of the mechanisms which will improve their performances will be the use of proper procurement practices (Maghanga & Kalio, 2017).

Statement of the Problem

Government-owned companies in Kenya have become ineffective and the Government has been required to take heavy burdens on procurement (Mokogi, Mairura & Ombui, 2015). According to a study conducted by Atieno (2017) parastatals in Kenya are characterized by ineffectiveness in their operations, substantial financial losses, and inadequate delivery of products and services. This is attributed to poor governance, poor financial management, bureaucratic waste and parastatal pilfering, all of which then lead to high public budgetary burdens (Mwaura, 2017).

According to PPOA (2019) around Ksh. 234 billion a year is expended on procurement by the central Government out of which Ksh. 121 billion is lost annually due to inflated procurement quotes which is approximately 17 percent of the national Budget. The Public Procurement and

Asset Disposal Act (2020) indicated that, the bulk of tendered products and services in many parastatals are up 60% on their market prices. The Systems Audit for State law Office (SLO), 2015/2016 Report revealed losses of Kshs.18,291,430 through irregular procurements in financial year (FY) 2015/2016. Earlier, in FY 2013/2014, SLO had lost Kshs. 8,495,968.00 due to inefficiencies.

There are several studies that have been conducted on strategic procurement. In a study conducted by Murray (2017), the findings show that Strategic procurement offers numerous advantages to a company and the strategic organizational position. Hemmatfar (2016) found that strategic procurement help to coordinate purchasing processes that lead to more considerable savings and improved service from vendors. Mueni focused on the influence of strategic procurement practices on performance of Kenya Airport Authority. Okong'o (2016) focused on the influence of strategic procurement on the performance of Kenya Power Company Limited. Despite the poor performance in parastatals and the large losses recorded, there is no single study that has been conducted on strategic procurement on their performance. Therefore, the current study sought to examine how strategic procurement influence performance of parastatals in Kenya.

Objectives of the Study

- i. To assess the influence of strategic sourcing on the performance of parastatals in Kenya.
- ii. To establish the influence of outsourcing on the performance of parastatals in Kenya.

LITERATURE REVIEW

Theoretical Review

Resource-based Theory

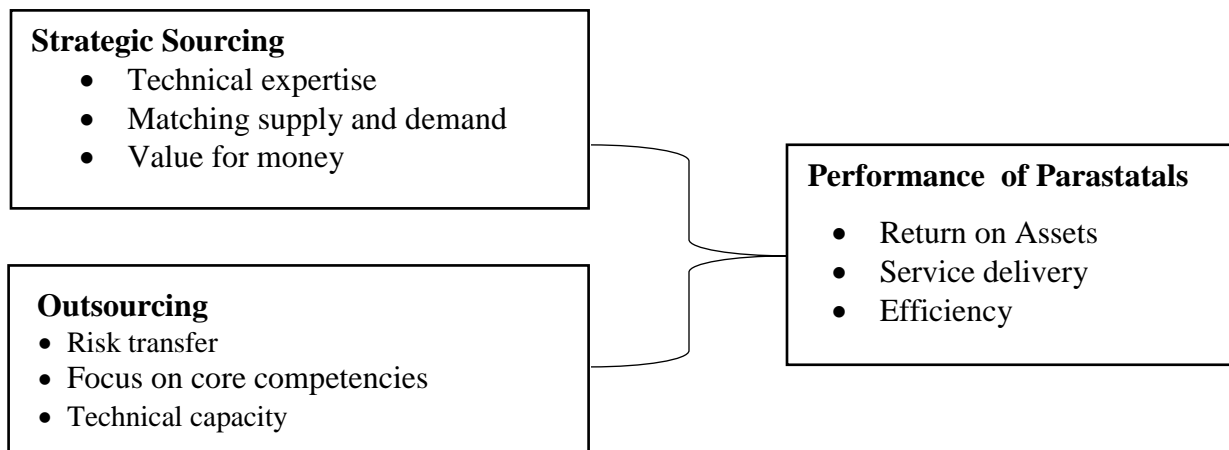
The resource-based strategy theory explains competitive purchasing strategies within the theoretical framework. Alfalla-Luque et al. (2013) argue that supply chain convergence integrates an organization through combining partnerships, operations, procedures and sites, with its practices, vendors and other system participants. Successful management of the supply chain includes the cross-functional alignment of key business processes inside and over the entire network of the supply chain firms. To order to maintain a competitive advantage for the entire supply chain, businesses need to align their activities with trading partners. This principle influences parastatal performance in Kenya while considering the effect of strategic sourcing.

Just in time Theory

The theory refers to a number of practices and tools that aim to satisfy the market by producing the products needed, when needed and in the required quantity and quality (Singh and Garg, 2011). The JIT philosophy leads to a reduction in the inventory (Keller and Kazazi, 1993; Chang and Lee, 1996). According to Zhang (2014), in supply chain management, inventory levels not only affect the overall cost of a single enterprise but also restrict the performance of the entire supply chain. Hence, by reducing the inventory levels to their lowest, the company can save more assets and In JIT waste and unnecessary costs must be minimized. Griinwald and Zortuin

(1992) pointed out that “in order to achieve this production as far as possible need to strive toward: zero stock, rejection rate, set-up time, machine breakdown, transport and waiting time”. The implementation of JIT can provide many advantages to a company by improving profits, and return on investment through cost reductions, inventory reductions, and quality improvements (Singh and Garg, 2011). These benefits proved by many case studies explain the wide acceptance of JIT in industry. This theory is of a great benefit to this study since will provide information to guide relating to inventory management.

Conceptual Framework



Strategic Sourcing

Eltantawy, Giunipero, and Handfield (2015) noticed that the strategic sourcing method varies from conventional buying in several important ways; the typical purchase process focuses on purchase prices while the strategic sourcing is focused around the total cost of ownership. Talluri and Narasimhan (2014) suggest one benefit of a well-coordinated strategic sourcing program is to consider how capabilities and procedures complement a clearly defined business strategy. This initiative provides the opportunity for company objectives to be clarified and communicated. Finally, a business chooses its vendors based on its ability to help and sustain a project, to provide a product or service at the lower total expense, or to offer a better product/service that helps to differentiate it (Coggburn, 2017).

Outsourcing

Outsourcing involves moving leading procurement and vendor management tasks to a third party in order perhaps to reduce the total expense or to increase the emphasis of the business on its core competences. Outsourcing procurement performance is an increasing feature of organizational procurement strategies (Mburu, 2017). Until date, procurement externalization has been primarily limited to the transactional pay-by-pay process instead of more systemic acquisition facets (Brewer, Wallin & Ashenbaum, 2014). Nonetheless, analysis from The Hackett Group, a leading global market consulting and planning, shows that the scale of procurement outsourcing for significant companies is projected to grow over the coming years (Parry et al., 2016).

Empirical Review

Strategic Sourcing and Performance

In Beaty (2016), strategic procurement covers several unique aspects: market force restructuring, merging and consolidating the company's purchasing operations. Continuous improvements: continuous development, emphasis on the continuous improvement of procurement practices, the assurance of reaction of the supply chain, and cooperation and professionalism. Efficient supplier-supplier relationship management (SRM), which emphasizes a long-term and collaborative strategy to inculcate shared buyer-supplier relationships. Cross-functional collaboration is focused on external channels. These unique aspects guarantee total cost reduction, quality and better service delivery (Beaty, 2016).

A study of public secondary schools in Imenti North District in Kenya, Wambui (2017) studied the function of organizational success procurement. There were 30 schools in the target population, where 40 targeted staff was surveyed. The study found that supply workers from the schools surveyed were not qualified in procurement and that the policy structure and resources to promote procurement in Government schools were insufficient. These officials only depended on the procurement handbooks issued by PPOA for schools and colleges. There are no acquisition strategies and thus, procurement has no competitive role to play. For this reason, "the respondents felt that it was important to have additional skills to carry out their roles of procurement effectively and efficiently."

The effect on the performance of selected agricultural enterprises in the Ondo State, Nigeria, was studied by Aladejebi and Adedeji (2015). One hundred five staff members were aimed at 35 agro-industry businesses. The study shows that the ERP program used for recruitment purposes is reduced among analyzed organizations. It also was found to be unapproved by the Procurement Officers before the procuring process in order to determine the items and quantities to be obtained. Consumer flexibility has not been reached to evaluate which goods and services can be procured.

Opio (2016) analyzed Kenya's energy industry's ethical procurement and supply chain performance. The acquisition and finance executives in the management of each energy sector corporation had issued thirty-two questionnaires. The investigator found that public procurement procedures in Governmental energy sector bodies are guaranteed to be transparent. Where the award wants to receive a lower offer, all unsuccessful providers are debated by the energy industry regarding their tenders' weaknesses. Suppliers shall be given fair and equal treatment. Consequently, businesses strictly adhere to the integrity of public procurement; have access to reliable records and therefore ensuring the quality standards are achieved in procurement. Myoken (2017) has noted that businesses in the energy sector utilize technological platforms to increase transparency, and customers recognize the ways to evaluate and grant contracts and those vendors deserve fair treatment. The privacy of the supplier is also protected

To improve the performance of public procurement, Mandiyambira (2016) analyzed the management of supplier ties. His research hired 180 participants in all procurement systems from nine State universities. He found that long-standing relationships with several suppliers are the

most efficient strategy for managing long-term, short-term, and complex product relations with suppliers. The role of supplier ties for sustainable operations has been discussed by Kamal, Eldabi, Mazhar, Alshawi, and Sharif (2015), from an OR viewpoint. To order to select periods, senior management, management, assistant management, and other personnel in the procurement department were included in a systematic sampling methodology (Alshawi, and Sharif, 2015). This study employed fifty (50) respondents. Researchers have found that specific e-procurement systems like EDI, e-marketplace etc. have little influence on supplier communication.

Outsourcing and Performance

McIvor (2019) maintains that Governments around the world have taken the outsourcing phenomenon and have adopted this principle to support their expansion into other markets. Strategic outsourcing management is perhaps the most powerful tool for project management, while its limit is outsourcing (Oshri, Kotlarsky, & Wouldcocks, 2018). Elmuti and Kathawala (2015) claim that it is now common and accepted to recruit Governments and private companies to provide a wide range of products and services. Elmuti and Kathawala (2016) add that as public organizations and entities are looking for ways of expanding and retaining their competitive edge, outsourcing has grown into a prevalent organization.

According to Wisner et al. (2016), the use of traditional core competency tests in highly integrated and evolutionary technologies may lead to too many or wrong functions being outsourced. Because public agencies often are viewed as wasteful and cumbersome, management may promote the outsourcing of ideas to demonstrate their willingness to make positive changes. Better accountability may be an additional reason for public sector outsourcing. Stewart (2015) notes that public organizations managers usually improve their accountability in the specific outsourcing function. Throughout their analysis in the Kenyan banking sector, Barako and Gatere (2018) found that 67% of auto-card processing (ATM) was the most outsourced facility by banks, 58% internal audit was customer account processing and 16% the most outsourced customer service. Furthermore, the study found that 67 percent of the participants referred to cost reduction and focused on core skills as the outsourcing benefit.

In a survey of all manufacturing industries in Nairobi in 2016, Chanzu (2016) noticed that businesses outsourced various activities, mostly concerning human resources, finance and IT. Off-sourcing as a tool for cost-cutting, carrying out core business operations and outsourcing of non-core or strategic tasks was more common. The study showed significant factors in deciding to use outsourcing as a competitive advantage tool. Kirui (2015) finds that the outsourcing method has been motivated by the need to reduce duplication of tasks, commitment, and discord that occurs within the company in his analysis of the externalization of noncore logistics operations in BAT Kenya. The Outsourcing also motivated Kirui (2015) on the need to have a clearly defined method and logistic feature in accordance with the core business at BAT. This has helped reduce the operating costs of transportation and strengthened the allocation of working capital. In addition to allowing BAT Kenya to concentrate its core business, this study showed that outsourcing was seen as the right approach to develop the firm and achieve better customer service.

RESEARCH METHODOLOGY

The study adopted a descriptive research design. Mugenda (2008) describes descriptive research as an attempt to collect data from members of the population in order to determine the current status then concerning one or more variables under study. The unit of analysis for this study focused on all the parastatals in Kenya. The sampling frame of this study was a list of 187 Government parastatals in Kenya. The study hence targeted 128 respondents. The study used primary data that was which was collected through the use of the questionnaire and captured through a 5-point Likert scale type and interview schedule. The Likert scale with closed and open question guide was distributed to the respondents after approval to collect data. The purpose of the study was explained and consent to participate in the study was sought. Drop-and-pick-later method of questionnaire administering was implored with explanations of how to fill them. Data was then coded and classified in terms of similarities then tabulated. Descriptive statistics such as percentages, means and standard deviations were used to analyze quantitative data. SPSS version 26 program was also used to analyze quantitative data and results presented in form of charts, graphs and frequency tables for easier interpretation.

RESEARCH FINDINGS AND DISCUSSIONS

Response rate

The study targeted 128 employees working in Government parastatals in Kenya. Out of the questionnaires sent, 121 response were filled and returned which translated 94.5% rate of response. Mugenda & Mugenda (2018) indicated that if . If the arte of response is 50% it can be said to be adequate, if it is 60% it is considered good if it is 70% and above then it is excellent for analysis and making inference. Therefore, the rate of response was considered excellent because it was above 70%.

Descriptive Analysis of the Variables of the Study

Strategic Sourcing and the Performance of Parastatals

The statements regarding green recruitment and selection were established and summarized into mean and standard deviation as shown in Table 1 The respondents agreed that the organization implements transparent sourcing processes using e-procurement (M= 4.064, SD=0.922). In addition, the respondents agreed that the Company has developed procurement strategies (M= 3.897, SD=0.987). Further, the respondents agreed that matching demand and supply has helped the organization to improve cost reduction (M= 3.890, SD=0.676). The respondents also agreed that the organization has reduced operation cost though use of electronic sourcing means (M= 3.863, SD=1.086).

As shown in the results, the respondents agreed that the organization achieves value for money in the overall procurement process through strategic sourcing (M= 3.789, SD=0.776). Further, the

respondents agreed that the quality of goods sourced have improved due to strategic sourcing (M= 3.678, SD=0.804). The respondents also agreed that the organization achieves procurement cycle time within the required time (M= 3.625, SD=0.833). In addition, the respondents agreed that the organization uses technical expertise when seeking to source for goods. This is shown by a mean of 3.587 (std. dv = 0.986). Further, the respondents agreed that strategic sourcing has increased efficiency within the organization (M= 3.578, SD=0.837). The respondents also agreed that the goods procured in the organizations matches demand and supply (M= 3.563, SD=0.840).

Table 1: Strategic Sourcing and the Performance of Parastatals

Statement	Mean	Std. Deviation
The organization uses technical expertise when seeking to source for goods	3.587	0.986
The goods procured in the organizations matches demand and supply	3.563	0.840
Matching demand and supply has helped the organization to improve cost reduction	3.890	0.676
The quality of goods sourced have improved due to strategic sourcing	3.678	0.804
Strategic sourcing has increased efficiency within the organization	3.578	0.837
The organization achieves value for money in the overall procurement process though strategic sourcing	3.789	0.776
The organization achieves procurement cycle time within the required time	3.625	0.833
The organization has reduced operation cost though use of electronic sourcing means	3.863	1.086
The organization implements transparent sourcing processes using e-procurement	4.064	0.922
The Company has developed procurement strategies	3.897	0.987
Aggregate	3.753	0.875

Outsourcing and the Performance of Parastatals

The Likert scale responses on outsourcing statements were also established and summarized into mean and standard deviation as shown in Table 2. The respondents agreed that outsourcing has helped the organization to develop business relationships and become competitive (M= 3.919, SD=0.845). In addition, the respondents agreed that the organization has improved quality of products and services (M= 3.898, SD=0.879). Further, the respondents agreed that outsourcing of services in the organization has relieved the organization from worrying about the massive capital that would have been invested (M= 3.838, SD=0.795). The respondents also agreed that outsourcing has increased the organizations’ overall financial performance (M= 3.801, SD=0.908).

As shown in the results, the respondents agreed that the outsourced personnel in the organization have a remarkable technical savvy and thus focus on core competencies (M= 3.736, SD=0.846). Further, the respondents agreed that the organization has saved a lot on distribution costs (M=

3.649, SD=0.942). The respondents also agreed that through outsourcing the organization has experienced reduction of cost and operational expenses (M= 3.596, SD=0.978). In addition, the respondents agreed that the organization has been able to reduce on spending because of outsourcing experts. This is shown by a mean of 3.587 (std. dv = 0.965). Further, the respondents agreed that the organization has eliminated costly delays (M= 3.561, SD=0.876). The respondents also agreed that outsourced services transfer risks from the organization (M= 3.508, SD=0.811)

Table 2: Outsourcing and the Performance of Parastatals

	Mean	Std. Dev.
Through outsourcing the organization has experienced reduction of cost and operational expenses	3.596	0.978
Outsourcing of services in the organization has relieved the organization from worrying about the massive capital that would have been invested.	3.838	0.795
The outsourced personnel in the organization have a remarkable technical savvy and thus focus on core competencies	3.736	0.846
The organization has been able to reduce on spending because of outsourcing experts	3.587	0.965
Outsourcing has helped the organization to develop business relationships and become competitive	3.919	0.845
Outsourced services transfer risks from the organization	3.508	0.811
Outsourcing has increased the organizations' overall financial performance	3.801	0.908
The organization has eliminated costly delays	3.561	0.876
The organization has saved a lot on distribution costs	3.649	0.942
The organization has improved quality of products and services	3.898	0.879
Aggregate	3.660	0.885

Inferential Analysis

Correlation Analysis

The results in Table 3 shows that there was a very strong relationship between strategic sourcing and the performance of parastatals in Kenya ($r = 0.873$, p value =0.001). The relationship was significant since the p value 0.001 was less than 0.05 (significant level). The findings are in line with the findings of Beaty (2016) who revealed that there is a very strong relationship between strategic sourcing and performance of parastatals.

In addition, the results revealed that there was a very strong relationship between outsourcing and the performance of parastatals in Kenya ($r = 0.872$). The relationship was significant since the p value 0.002 was less than 0.05 (significant level). The findings are in line with the findings of Mclvor (2019) who revealed that there is a very strong relationship between outsourcing and performance of parastatals.

Table 3: Summary of Pearson's Correlations

		Performance of Parastatals	Strategic Sourcing	Outsourcing
Performance of Parastatals	Pearson Correlation	1		
	Sig. (2-tailed)			
Strategic Sourcing	Pearson Correlation	.873**	1	
	Sig. (2-tailed)	.001		
Outsourcing	Pearson Correlation	.872**	.297	1
	Sig. (2-tailed)	0.002	0.066	

Regression Analysis**Table 4 Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.905 ^a	.819	.820	0.09956

Table 5 Analysis of Variance

	Sum of Squares	d.f	Mean Square	F	Sig.
Regression	115.142	4	28.786	153.935	.000 ^b
Residual	2.171	116	0.187		
Total	117.313	120			

Table 6 Regression of Beta Coefficient and Significance

	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	β	Std. Error	Beta			
(Constant)	0.453	0.063			7.190	0.000
Strategic Sourcing	0.251	0.062	0.252		4.048	0.002
Outsourcing	0.341	0.081	0.340		4.210	0.001

The overall correlation coefficient (r-squared) for the relationship between the independent variables and the dependent variable was 0.819. This implied that 81.9% of the variation in the dependent variable (performance of parastatals in Kenya) could be explained by independent variables (strategic sourcing and outsourcing). The ANOVA indicated. F calculated was 153.935 while the F critical was 2.453. The p value was 0.000. Since the F-calculated was greater than the F-critical and the p value 0.000 was less than 0.05, the model was considered as a good fit for the data. Therefore, the model can be used to predict the influence of strategic sourcing and outsourcing, information technology and inventory management.

The results also indicated that the strategic sourcing has a significant effect on the performance of parastatals in Kenya ($\beta_1=0.251$, p value= 0.002). The relationship was considered significant

since the p value 0.005 was less than the significant level of 0.05. The findings are in line with the findings of Beaty (2016) who revealed that there is a very strong relationship between strategic sourcing and performance of parastatals. Furthermore, outsourcing has significant effect on the performance of parastatals in Kenya ($\beta_1=0.341$, p value= 0.001). The relationship was considered significant since the p value 0.001 was less than the significant level of 0.05. The findings are in line with the findings of Mclvor (2019) who revealed that there is a very strong relationship between outsourcing and performance of parastatals.

Conclusion

The study concludes that strategic sourcing has a positive and significant effect on the performance of parastatals in Kenya. The study found that strategic sourcing (technical expertise, matching supply and demand and value for money) influences the performance of parastatals in Kenya. This implies that improvement in strategic sourcing (technical expertise, matching supply and demand and value for money) would facilitate the performance of parastatals in Kenya. In addition, the study concludes that outsourcing has a positive and significant effect on the performance of parastatals in Kenya. The study found that outsourcing (risk transfer, focus on core competencies and technical capacity) influence the performance of parastatals in Kenya. This implies that improvement in outsourcing (risk transfer, focus on core competencies and technical capacity) would facilitate the performance of parastatals in Kenya.

Recommendations of the Study

The study findings revealed that strategic sourcing has a positive and significant effect on the performance of parastatals in Kenya. This study therefore recommends technical expertise, matching supply and demand and value for money to improve performance of government parastatals in Kenya.

In addition, the study findings revealed that outsourcing has a positive and significant effect on the performance of parastatals in Kenya. This study therefore recommends risk transfer, focus on core competencies and technical capacity to improve performance of government parastatals in Kenya.

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