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**PROCUREMENT PERFORMANCE
MEASUREMENT IN COMMERCIAL
BANKS IN KENYA**

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PROCUREMENT PERFORMANCE MEASUREMENT IN COMMERCIAL BANKS IN KENYA

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Abstract

Purpose: The purpose of the study was to procurement performance measurement in commercial banks in Kenya.

Methodology: The study used descriptive survey design with all the commercial banks operating in Kenya as the units analysis. The study used primary data which was collected through use of questionnaires with respondents as the procurement managers in the 43 commercial banks. The data collected was analyzed using descriptive statistics and inferential statistics.

Results: The results indicated that procurement performance measurements in banks are adequate. ANOVA statistics presented indicate that the overall model was statistically significant. There is a positive relationship between procurement performance measurement and internal processes, staff training, ethics and culture which through regression analysis had beta coefficients.

Unique contribution to theory, practice and policy: Procurement professionals should make recommendations of improving the training curriculum of procurement professionals in order to capture the important findings of the study. This will enable the inclusion of issues related to ethics and integrity into the syllabus.

Key words: *Procurement performance, commercial banks, staff training, internal processes*

1.0 INTRODUCTION

1.1 Background of the Study

Performance has been described as the degree of achievement of certain effort or undertaking. It relates to the prescribed goals or objectives which form the project parameters (Chitkara, 2005). From project management perspective, it is all about meeting or exceeding stake holders' needs and expectations from a project. It invariably involves placing consideration on three major project elements i.e. time, cost and quality (Project Management Institute, 2004).

Measuring performance is a perennial topic in the executive suite, in board meetings, and at meetings of management scientists. To paraphrase Dr. Deming, measuring performance is good; measuring the right things is the trick executives must learn. Today's demanding business environment requires executives to regularly evaluate how they measure their company's performance. Many CEOs spend significant time asking themselves what is the proper performance measurement process and structure, and what measures should we be using to drive business success (Minerich, 2008).

For any organization to change its focus and become more competitive Amaratunga and Baldry (2002) suggest that performance is a key driver to improving quality of services while its absence or use of inappropriate means can act as a barrier to change and may lead to deterioration of the purchasing function. Organizations which do not have performance means in their processes, procedures, and plans experience lower performance and higher customer dissatisfaction and employee turnover (Artley & Stroh, 2001, Amaratunga & Baldry, 2002 and CIPS Australia, 2005). Measuring the performance of the purchasing function yields benefits to organizations such as cost reduction, enhanced profitability, assured supplies, quality improvements and competitive advantage as was noted by Batenburg and Versendaal (2006).

According to CIPS Australia (2005) report, efficiency and effectiveness represent different competencies different competencies and capabilities for procurement organization. Efficiency reflects that the organization is doing things or activities right, whereas effectiveness relates to the organisation doing the right thing. There is a trade-off between efficiency and effectiveness as a highly efficient organization may spend less than peers (particularly when compared to highly effective organizations), however, quality and value may suffer. Organizations focused on efficiency tend to make decisions based on cost and investment pay back likelihood; whereas effectiveness focused organizations make decisions based on quality and value rather than costs and productivity. The challenge for procurement organizations is targeting and achieving the right balance between the two.

1.2 Problem Statement

Performance measurement is crucial in enhancing the performance of organizations because whatever gets measured gets done. The procurement function has not been given the recognition it deserves in developing countries, in most public entities, regardless of the effort by the partners like the World Bank, the International Trade Organization, the United Nations Conference on Trade and Development, the World Trade Organization and, others. This could be deliberate or sheer ignorance on the value the procurement function could contribute to any organization (Telgen, Zomer, & de Boer, 1997). While functions like Human Resource (HR) and Finance can have their performance measured, this is not the case with the procurement function. The failure to establish performance of the procurement function has led to irregular and biased decisions that have costly consequences to every entity.

The need to have coherent methods of performance of the procurement function in public entities, particularly in developing countries, has never been as sound as it is now. Delaying will worsen the already deteriorating performance, loss of professionals, and organizations will continue incurring unnecessary costs (DCD/DAC, 2003). However, it is important that appropriate performances are implemented. It should not be any performance. The issue of basing on financial performance and neglecting or ignoring non financial performance is not helping the procurement function because only partial performance is considered (Lardenoije, Van Raaij, & Van Weele, 2005).

1.3 Research Objectives

- i. To investigate the factors affecting procurement performance measurement in commercial banks in Kenya
- ii. To find out whether procurement performance measurement affects performance of commercial banks in Kenya

2.0 LITERATURE REVIEW

2.1 Theoretical Framework

2.1.1 Contingency Theory

Contingency theory means that one thing depends on other things, and for organizations to be effective, there must be a “goodness of fit” between their structure and the conditions in their external environment. As such the correct management approach is contingent on the organization’s situation (Daft 2001). This study accepts the notion of contingency theory, which suggests that the selected PMS design and use must conform to its contextual factors. However, for the purpose of this study, contingency theory is used and reviewed in a narrower focus as follows. Contingency theory represents a rich blend of organizational theory such as organizational decision making perspectives and organizational structure (Lawrence and Lorsch, 1969; Pugh, 1998 and Donaldson, 2001). The essence of the contingency theory paradigm is that organizational effectiveness results from fitting characteristics of the organization, (such as its cultures) to contingencies that reflect the situation of the organization (Burn and Stalker, 2000; Woodward, 2001; Lawrence and Lorsch, 2004). According to Donaldson (2001), organizations seek to attain the fit of organizational characteristics to contingencies which leads to high performance. Therefore the organization becomes shaped by the contingencies (fit) to avoid loss of performance. Thus, there is an alignment between organization and its contingencies, creating an association between contingencies and organizational contextual characteristics (Burn and Stalker, 1961, Woodward, 2001).

Contingency theory is based on the premise that there is no universally appropriate or perfect measurement system which applies equally to all organizations in all circumstances. In fact, it is suggested that particular features of an appropriate measurement system will depend upon the specific circumstances in which an organization finds itself. The study position is that contingency theory offers a useful way of conceptualizing the relationship between certain “contingency” variables and organization structure (PMS design and use). In the view of contingency theorists, the design of accounting information and control systems, i.e. one particular type of PMS, is based upon specific characteristics of the organization and its environment. Contingency theory is essentially a theoretical perspective within organizational theory that emphasizes how contingent characteristics or contextual factors (Daft, 2001) such as technology, size, environment, culture and strategy affect the design and functioning of organizations (Covaleski, Dirsmith and Samuel, 2006).

This theory is relevant to the study because one thing depends on another thing to be effective hence for effective procurement measures the organization needs to have strategic measures put in place in procurement department.

2.3.2 Theory of Internal Control

A system of effective internal control is a critical component of an organization's management and a foundation for its safe and sound operation. A system of strong internal control can help to ensure that the goals and objectives of an organization will be met, that it will achieve long-term targets and maintain reliable financial and managerial reporting. Such a system can also help to ensure that the organization will comply with laws and regulations as well as policies, plans, internal rules and procedures, and reduce the risk of unexpected losses and damage to the organization's reputation.

The following presentations of internal control in essence cover the same ground. In USA, the Committee of Sponsoring Organizations of the Tread way Commission (COSO) issued Internal Control – Integrated Frameworking 1992, which defined internal control as a process, effected by an entity's board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: Effectiveness and efficiency of operations; Reliability of financial reporting; Compliance with applicable laws and regulations. The Rutteman Report (1994) in UK defined internal control as the whole system of controls, financial and otherwise, established in order to provide reasonable assurance of Effective and efficient operations; Internal financial control and Compliance with laws and regulations.

The theory is relevant to the study because it outlines the internal control policies , procedures and rules to be followed in the procurement department

2.2 Empirical Review

According to Kim, Chan and Yoon (2003), the traditional performance measurement system inhibits the improvement of critical dimensions such as quality, flexibility and delivery. For a performance measurement system to be regarded as a useful management process, it should act as a mechanism that enables assessment to be made, provides useful information and detects problems, allows judgment against certain predetermined criteria to be performed and more importantly, the systems should be reviewed and updated as an ongoing process.

According to Math (2013) different tools measure different projects and people. To use a broad example, you cannot judge the progress of a marketing campaign based on the number of employee injuries any more than you can judge the cost effectiveness of a copy machine based on quarterly sales, many businesses make the mistake of using the same metrics and goals to measure all company management. This is a mistake because different areas of the business may have different strategic goals and must be measured accordingly. Therefore, it is essential to develop individual measurement tools for each area of performance measurement.

Regina (2006) in his paper proposes and tests a model to explain three critical outcomes of Performance Management Systems information quality, effectiveness, and usefulness of the PMS to managerial decision-making. Drawing from Organizational Information Processing Theory (OIPT), he examined how those three outcomes may be influenced by factors that affect OIP requirements (industry, size, and geographic scope of operations) and by organizational and technological factors that affect OIP capabilities. Organizational factors included management's decision-making style and organizational structure. Technological factors included the types of technology used in the PMS (ERP; specialized tools such as EIS and DSS; and generic tools such

as Excel, Access and Lotus Notes), and the degree of use of e-commerce and Internet technologies. He used stepwise regression to analyze data from a sample of 1,990 respondents in small, medium and large organizations, operating at regional, national, international and global levels across a broad range of the Dow Jones Global Industry Groups.

Neely (2008) suggests that the infrastructure to support the use of performance measures should be implemented and should include data acquisition; collation; sorting; analysis; interpretation; and dissemination processes. This suggests that reflection requires assessment of the effectiveness and efficiency of these processes, Data acquisition – how are the raw data gathered, Data collation – how are the data collated into a single data set, Data sorting – how are the raw data assigned to meaningful categories so that the data can be analyzed, Data analysis – how are patterns which exist in the sorted data set found, Data interpretation – how are the implications of any patterns which have been identified in the sorted data set explained.

Jackinda (2011) did a study to establish whether Kenyan manufacturing firms measure procurement performance, the measurement systems they use, the performance dimensions that guide their measurement and the indicators they commonly use which focused on sixty eight (68) large manufacturing firms in Nairobi. The study concluded that the firms had measurement tools but had challenges several recommendations were made. They included the need to emphasize on performance measurement in procurement so as to help identify areas of weakness, control efficiency, increase profitability and competitiveness of firms. The researcher also recommended the need for the organizations to embrace the importance of professionalism and independence of the procurement function for the full potential of procurement performance measurement to be realized, and the need for procurement professionals to come together and develop sectorial procurement performance measurement indicators to facilitate uniform measurements and intercompany benchmarking.

Comptroller (2001) noted that monitoring is an organization's own oversight of the control systems performance and therefore monitoring should be on going and part of the normal course of daily operations and activities. Internal and external audits, as part of monitoring systems, may provide independent assessment of the quality and effectiveness of a control system's design and performance. All should share responsibilities of monitoring and self-assessment, everyone should understand their roles and responsibilities to report any breaches of the control systems.

3.0 RESEARCH METHODOLOGY

The study used descriptive survey design with all the commercial banks operating in Kenya as the units analysis. The study used primary data which was collected through use of questionnaires with respondents as the procurement managers in the 43 commercial banks. The data collected was analyzed using descriptive statistics and inferential statistics.

4.0 DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Characteristics of Respondents

4.1.1 Gender Distribution

Table 4.1 presents the gender of the respondents, which indicates that 63.9 % constituted of male respondents while 36.1% comprised of female respondents. From this conclusion it was noted that majority of the staff in banks' procurement department are male who comprised of 63.9% of the respondents.

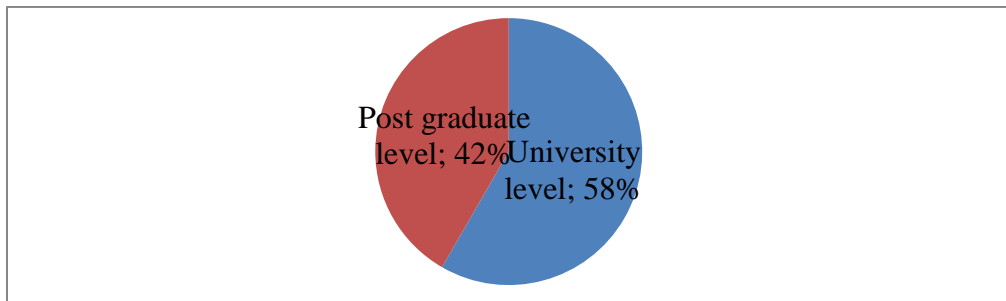
Table 4.1: Gender of respondents

Indicator	Frequency	Percent (%)
Male	23	63.9
Female	13	36.1
Total	36	100.0

4.1.2 Level of Education

Figure 4.1 presents the level of education of procurement department employees in the banking industry. Based on the results majority of the respondents are university graduates. This explains the high level of competences employed in banks’ procurement department.

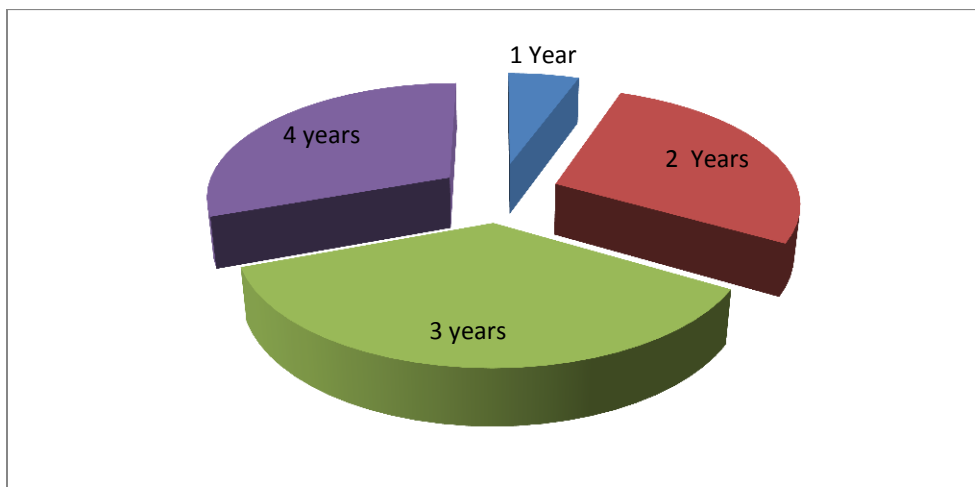
Figure 4.1: Level of education of respondents



4.1.3 Period of Employment

Figure 4.1 presents the period that the employees have been working in the procurement department in the banking industry. From the results majority of the respondents have worked between 2 to 4 years. Few respondents had a one year working experience. This explains the high level of experience of majority of the respondents in the banks’ procurement department.

Figure 4.2: Period Employed in the Bank



4.1.4 Years of Banks' Operation in the Industry

Table 4.3 shows that most banks in Kenya have more than 4 years working experience. These results indicate that the banking industry has been in existence for so long and it serves as a best avenue to conduct this survey of the effects of procurement performance measurement.

Table 4.3: Bank's Operation

Indicator	Frequency	Percent (%)
Years of Bank in operation	4	100

4.2 Descriptive Results on Procurement Performance Measurement in Commercial Banks

4.2.1 Analysis of Procurement Performance Measurement

Table 4.4 displays results of data analysis regarding the views of the respondents on procurement performance measurement. Results indicate that 78% of the respondents support that the banking procurement systems effective at detecting fraud. 84 % of the responses received support that banks have sufficient internal controls in place. The results also indicate that banks conduct performance appraisals and that performance appraisals done are supported by rewards. This is supported by an agreed response rate of 78% and 94% respectively. 81% respondents agreed that banks conduct monthly and yearly budget with 72 % supporting that banks produce reports from weekly to yearly basis. The overall mean score of 3.94 which means that more respondents were agreeing with the questionnaires statement. In addition the responses were spread from the mean at 0.90 standard deviation. The results indicate that internal controls and systems that detect fraud are key in maintaining performance in banks' procurement activities.

Table 4.4: Procurement Performance Measurement

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std. Deviation
My bank procurement systems are effective at detecting fraud	5.6%	5.6%	11.1%	58.3%	19.4%	3.81	1.01
My bank has appropriate and sufficient internal controls in place	2.8%	2.8%	8.3%	75.0%	11.1%	3.89	0.75
My bank does conduct performance appraisals at least twice in a year	2.8%	2.8%	16.7%	50.0%	27.8%	3.97	0.91
My bank conducts monthly and yearly budget variance analysis	5.6%	2.8%	11.1%	58.3%	22.2%	3.89	0.98
My bank does produce daily, weekly, monthly, quarterly and yearly financial reports	8.3%	8.3%	11.1%	47.2%	25.0%	3.72	1.19
The performance appraisals are supported by rewards	0.0%	0.0%	5.6%	55.6%	38.9%	4.33	0.59
Average	4.2%	3.7%	10.7%	57.4%	24.1%	3.94	0.90

4.2.2 Information Technology and Performance Measurement

Table 4.5 presents the results of respondents' perception on information technology is a performance measurement in banks' procurement activities. Results indicate that 94% of the respondents agreed that banks have invested hugely in information technology. Ninety four percent of the respondents also show that the banks' systems has helped in controlling inventory stocks and 92 % agree that the system added a competitive advantage to banks in Kenya. Adaptation of new technology tends to reduce operational costs of companies. This argument is also supported 86% level of agreement by respondents to that statement. In addition technology as reported from the results has helped reduce ordering time and follow up which is supported by 92% response rate. The results also indicate that 92% agree that the system is user friendly as it is easy to use. On a 5 point scale the mean score of the responses was 4.33 which indicates that there was a higher level of agreement on the questionnaire statements by respondents. The responses were also spread from the mean at a 0.62 standard deviation. Technology in procurement provides access to a whole range of procurement information at low cost and independently of time and location.

Table 4.5: Information Technology Performance Measurement

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std. Deviation
My bank has invested heavily in information and Technology	0.0%	0.0%	5.6%	44.4%	50.0%	4.44	0.61
The system has helped in controlling the inventory stocks	0.0%	0.0%	5.6%	50.0%	44.4%	4.39	0.60
The system has added competitive advantage to the bank	0.0%	0.0%	8.3%	47.2%	44.4%	4.36	0.64
The system has reduced operation costs for the banks	0.0%	0.0%	13.9%	63.9%	22.2%	4.08	0.60
The system has helped in reducing ordering time and follow up	0.0%	0.0%	8.3%	47.2%	44.4%	4.36	0.64
The system is easy to use	0.0%	0.0%	8.3%	50.0%	41.7%	4.33	0.63
Average	0.0%	0.0%	8.3%	50.5%	41.2%	4.33	0.62

4.2.3 Internal Processes and Performance Measurement

The results of internal processes measurement of procurement performance are displayed in Table 4.6. Seventy two percent (72%) of the respondents agreed that banks have put in place good internal audits and 85% support banks' transparency and accountability by displaying performance results for all stakeholders. In addition to banks being transparent 72% agreement level indicated that banks' books of accounts are adequately audited. From the results banks seem to have good leadership and management structure which supports corporate governance, this is supported by 88% level of agreement. Procurement department in banks follows a set of procedures that ought to be followed at all times during purchasing which in turn reduces the number of corruption cases in the same department as presented by 77% level of agreement. The overall mean score of 3.89 which means that more respondents were agreeing with the questionnaires statement. In addition the responses were spread from the mean at 0.89 standard deviation.

Table 4.6: Performance measurement of internal processes

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std. Deviation
My bank has put in place good internal audit functions	2.8%	5.6%	19.4%	66.7%	5.60%	3.67	0.79
My bank is transparent and accountable. It does ensure transparency by displaying performance results for all stakeholders	2.8%	2.8%	8.3%	58.3%	27.80%	4.06	0.86
My bank is transparent and accountable. It does ensure transparency by allowing its books of accounts to be audited	2.8%	19.4%	5.6%	61.1%	11.10%	3.58	1.03
My bank has a good leadership and managements structure which support corporate governance	5.6%	2.8%	2.8%	44.4%	44.40%	4.19	1.04
The number of corruption cases have reduced in my department	5.6%	5.6%	11.1%	63.9%	13.90%	3.75	0.97
There are set procedure in my department to be followed at all times during purchasing	0.0%	0.0%	19.4%	55.6%	25.00%	4.06	0.67
Average	3.3%	6.0%	11.1%	58.3%	21.3%	3.89	0.89

4.2.4 Staff Training and Performance Measurement

Results in Table 4.7 indicate that every employee in the procurement department of most banking institution agrees that newly recruited receive adequate induction training and learn about their job duties. Further the induction has helped improve the knowledge gap about the organization which promotes employees working comfortably in the work environment. These statements are supported by respondents' agreeable rate of 97%, 92% and 86%. Training programs has helped in establishing team work, this is represented by 91% a positive response from the respondents. Training programs tend to improve morale in the organizations in addition to offers from the organization on short training programs offered in form of seminars. This conclusion is drawn respectively from 89% and 81% satisfying rate of respondents agreeing to these statements. In addition 81% of the respondents in banks' procurement department receive on job training. On a 5 point scale the mean score of the responses was 4.22 which indicate that there was a higher level of agreement on the questionnaire statements by respondents. The responses were also spread from the mean at a 0.62 standard deviation.

Table 4.7: Staff Training

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std. Deviation
Every new employee receives Induction Training	0.0%	0.0%	2.8%	58.3%	38.9%	4.36	0.54
Learning about the duties of the job is included in the induction training	0.0%	0.0%	8.3%	75.0%	16.7%	4.08	0.50

Induction has improved my knowledge gap about the organization, which has helped me adjust comfortably to the work environment.	0.0%	0.0%	13.9%	61.1%	25.0%	4.11	0.62
Training programs have helped inculcating the sense of team work	0.0%	0.0%	8.3%	55.6%	36.1%	4.28	0.62
Through training programs, morale in the organization has improved.	0.0%	2.8%	8.3%	50.0%	38.9%	4.25	0.73
I receive on the job training	0.0%	0.0%	8.3%	50.0%	41.7%	4.33	0.63
The organization offers short training in form of seminars	0.0%	0.0%	19.4%	47.2%	33.3%	4.14	0.72
Average	0.0%	0.4%	9.9%	56.7%	32.9%	4.22	0.62

4.2.5 Culture and Ethics and Performance Measurement

Table 4.8 presents results on culture and ethics as measurement of performance of procurement activities in banks. Banks invite tenders from suitable suppliers upon which an evaluation follows to choose the best supplier, this is supported by 80% agreed response rate. Seventy seven percent (77%) agree that bank officials conduct the operation in a fair and equitable way, while 72% support that goods are procured in accordance with the law, agency rules and guidelines. Procurement reviews and audits of procurement process is done in banks' procurement department to ensure probity is considered and achieved. This is supported by 85% respondents agreeing to the statement. From the results, 72% and 89% positive responses respectively, indicate that staff at the banks procurement department are ethical and practice professionalism at all times. The overall mean score of 3.83 which means that more respondents were agreeing with the questionnaires statement. In addition the responses were spread from the mean at 0.96 standard deviation.

Table 4.8: Culture and Ethics

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std. Deviation
My bank invites tenders from all suitable suppliers, and after receiving they are evaluated	5.6%	2.8%	11.1%	63.9%	16.7%	3.83	0.94
My bank officials conducting procurement procedures are fair and equitable	5.6%	8.3%	13.9%	50.0%	22.2%	3.75	1.08
My bank procures goods in accordance with the law, agency rules and guidelines, and conditions of contract.	2.8%	5.6%	19.4%	66.7%	5.6%	3.67	0.79
Regular reviews and audits of procurement processes is done to ensure probity is being considered and achieved	2.8%	2.8%	8.3%	58.3%	27.8%	4.06	0.86
Procurement staff in my bank are ethical	2.8%	19.4%	5.6%	61.1%	11.1%	3.58	1.03
Procurement staff in my bank practice professionalism, accountability and an efficient procurement system.	5.6%	2.8%	2.8%	44.4%	44.4%	4.19	1.04

Average	4.4%	6.8%	10.3%	58.3%	20.2%	3.83	0.96
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4.2.6 Effects of Procurement Measurement on Performance

Table 4.9 presents responses on the effects of procurement measurement on performance of the company. (Seventy eight) 78% agree that procurement performance leads to higher profitability. Procurement performance measurement leads to increased employee morale and improves cost efficiency. These statements are supported by 80% agreed response rate of the respondents. Seventy seven (77%) and 83% respectively agree to the statement that procurement performance measurement improves productivity and that it leads to overall sustainability of the firm. On a 5 point scale the mean score of the responses was 3.90 which indicate that there was a higher level of agreement on the questionnaire statements by respondents. The responses were also spread from the mean at a 1.05 standard deviation.

Table 4.9: Effects of Procurement Measurement on Performance

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std. Deviation
Procurement performance measurement leads to higher profitability	2.8%	2.8%	16.7%	50.0%	27.8%	3.97	0.91
Procurement performance measurement leads to increased employee morale	5.6%	2.8%	11.1%	58.3%	22.2%	3.89	0.98
Procurement performance measurement improves cost efficiency	8.3%	8.3%	11.1%	47.2%	25.0%	3.72	1.19
Procurement performance measurement improves productivity	5.6%	8.3%	8.3%	50.0%	27.8%	3.86	1.10
Procurement performance measurement leads to overall sustainability of the firm	5.6%	5.6%	5.6%	44.4%	38.9%	4.06	1.09
Average	5.6%	5.6%	10.6%	50.0%	28.3%	3.90	1.05

4.3 Inferential Statistical Analysis

4.3.1 Correlation Analysis

Table 4.10 presents the correlation test results which indicate that information technology had a correlation of (0.384) and the same was statistically significant to explain performance measurement as the p was 0.021. Internal process (0.709) and staff training (0.049) had a strong and positive correlation with procurement performance measurement. Internal process was statistically significant in measuring performance of procurement as it had a p value of 0.000 while staff training was not significant as it had a p value of 0.778. Culture and ethics had a moderate and positive correlation of (0.59) while effects of procurement measurement on performance variable had a strong and positive correlation of (0.833), they were both statistically significant as the p value of both variables were 0.000. On an overall basis it can be concluded that the variables of the study had moderate to strong correlations.

Table 4.10: Bivariate Pearson’s Correlation

Variable		Procurement performance	Information technology	Internal process	Staff training mean	Ethics and culture	Effects of Procurement measurement
Procurement performance	Pearson Correlation Sig. (2-tailed)	1					
Information technology	Pearson Correlation Sig. (2-tailed)	0.384 0.021	1				
Internal process mean	Pearson Correlation Sig. (2-tailed)	0.709 0.000	0.587 0.000	1			
Staff training	Pearson Correlation Sig. (2-tailed)	0.049 0.778	-0.004 0.983	-0.231 0.176	1		
Ethics and culture	Pearson Correlation Sig. (2-tailed)	0.590 0.000	0.298 0.077	0.703 0.000	0.009 0.957	1	
Effects of procurement measurement	Pearson Correlation Sig. (2-tailed)	0.883 0.000	0.581 0.000	0.843 0.000	-0.12 0.486	0.537 0.001	1

4.3.2 Regression Analysis

Regression of coefficients results in Table 4.11 show that there is a positive relationship between procurement performance measurement and internal processes, staff training, ethics and culture whose beta coefficients are 0.719, 0.384 and 0.08 respectively. From the results information technology displayed a negative relationship of -0.147. The results from the table below also indicate that internal process was statistically significant in measuring procurement performance as it had a probability of 0.002 which is lower than the probability conventional of 0.05. Results indicate that a unit change in internal processes, staff training and ethics and culture variables will lead to a positive change in procurement performance measurement of banks while a unit change in information technology will cause a negative change in measurement of procurement performance

Table 4.11: Regression Coefficients

Variable	Beta	Std. Error	t	Sig.
Constant	-0.12	1.323	-0.091	0.928
Information technology	-0.147	0.291	-0.506	0.617
Internal process	0.719	0.213	3.374	0.002
Staff training	0.384	0.228	1.683	0.103
Ethics and culture	0.08	0.159	0.505	0.617

Table 4.12 shows fitness of the regression model in explaining the study phenomena. Staff training, internal process, information technology, ethics and culture satisfactorily explain measurement of procurement performance. This is supported by coefficient of determination also known as the R square of 55.9%. This means that staff training, internal process, information technology, ethics and culture variables explain 55.9% of the variations in the dependent variable which is procurement performance measurement. This results further means that the model applied to link the relationship of the variables was satisfactory.

Table 4.12: Regression Model Fitness

Indicator	Coefficient
R	0.748
R Square	0.559
Std. Error of the Estimate	0.4141

The reported p value was less than the conventional probability of 0.05 significance level as presented by the ANOVA statistics on Table 4.13 indicate that the overall model was statistically significant. These results imply that the independent variables are good predictors of procurement performance measurement. This was supported by an F statistic of 9.836 and probability (p) value of 0.000.

Table 4.13: Analysis of Variance

Indicator	Sum of Squares	Df	Mean Square	F	Sig.
Regression	6.747	4	1.687	9.836	.000
Residual	5.316	31	0.171		
Total	12.063	35			

5.0 CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusion

Following the results of the study conclusion made were that banks prepare budgets and reports on the same on a frequent basis as a way of measuring procurement performance. Moreover, the transparency of real-time procurement information allows the early detection of corruptive and fraudulent activities. Performance appraisals that go along with reward seem to have an effect in improving staff performance at the end improving procurement performance in the company.

Technology in procurement provides access to a whole range of procurement information at low cost and independently of time and location. Efficiency of procurement activities is best maintained when companies adapt to new technologies which tend to reduce cost and improve operational activities. Application of technologies ensures compliance with the existing procurement policy, legislation and procedures thus allowing neither purchasing agencies nor bidders to deviate from the public procurement process. In this way banks tend to reduce the opportunities for corruptive cases

Purchasing audit is a management tool used in assessing how goals and objectives are being met while utilizing organizational limited resources such as time, personnel input and budgets. This finding shows that banks control finances usage in the procurement department through audits and the ensuring transparency in financial a reporting as well as in transparency when sourcing for a supplier. This again is achieved through proper planning and budgeting controls achieved through proper corporate governance. From the results it is possible to conclude that banks carry out staff training to improve the level of engagement of employees in the organization. Banks need to equip employees with knowledge on what is expected of them in their positions and how their performance will be measured. In addition, banks support training programs to staff to develop a good employee employer relationship as employees need to feel the support of their managers in their personal growth and career development.

Employee engagement through training is critical to the success of an organization and employee performance. Training is necessary as it is a result of employees understanding the company's goals and their role in helping the organization reach those goals. Employees believing in their goals align that with the business strategy thus becoming higher performers. From the results it is evident to conclude that banks measures on culture and ethics tend to improve performance and overall image of the company. Values stand that the very core of human decision making. An organization whose culture aligns with personal values makes stakeholders feel liberated. Employees as well are able to bring out energy, creativity, enthusiasm and commitment to work. In banks cultural values are highly adhered to

5.2 Recommendation

The findings in the study provides recommendations to managers of commercial banks and other procurement professionals in the banking and other industry sectors. In addition academicians who may use these recommendations as a source for further studies or research in the area.

The results from this study suggested that procurement performance could be measured using non financial measures such as internal processes, staff training, technology and organizations' culture and ethics. As earlier indicated, having performance measures is not an end in itself but a means to effective and efficient control and monitoring of any function is important. Implementing purchasing measures is not as easy as it may sound. It requires preparation, coordination, team work, constant communication and feedback. To ensure entities maximize purchasing efficiency and effectiveness, loss of professional turnover should be reduced. This can be done through establishing clear roles and procedures within the procurement processes.

Internal processes and systems should maintain continuous improvement to allow for good structures for purchasing management. These structures if well done tend to avoid unnecessary costs for example such as costs as a result of corruption which results to court cases that can be very costly to the company. In procurement measurement quality of procured goods is usually a key indicator of performance; however, companies should also consider other intangible measures like timely delivery of orders and customer satisfaction.

Procurement professionals should make recommendations of improving the training curriculum of procurement professionals in order to capture the important findings of the study. This will enable the inclusion of issues related to ethics and integrity into the syllabus. This can have a high impact on the outcomes of the procurement profession both to the organizations and the country.

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