

# Effects of Procurement Planning on Institutional Performance: A Case Study of Mombasa Law Court

Celestine Joan Onyango

**Abstract:** For decades procurement planning has been attracting great attention from practitioners, academicians and researchers due to poor performance resulting from non-adherence to proper procurement planning. The purpose of this study was to examine the effects of procurement planning on public institutions performance with focus on Specific objectives, Cost Estimation, Need Assessment and Quality Specifications. Literature suggests that Procurement Planning is one of the primary functions of procurement with a potential to contribute to the success of operations and improved performance. Despite this importance, very limited scientific research has been done to examine the extent to which efforts in procurement planning can contribute to effective public institutions performance. The study was based on the procurement models, PPOA manual, PPDA Act (2005), and PPDR (2006). The study provided a guideline on effective measures to be put in place in Procurement planning to facilitate effective procurement which improves institutional performance.

**Key words:** Procurement, Procurement Planning, Performance, Cost Estimation, Need Assessment, Quality specification

## 1. Introduction

Over the past few years, developing countries have been awakened on the importance of effective management of the public procurement process at both central and local government levels, and its subsequent contribution to improved governance of the public sector. Procurement; a function that was traditionally viewed as a clerical and reactive task has since positioned itself among core organizational functions, and its management is becoming increasingly critical for the well functioning of any organization. Procurement is becoming important at the local level, in parallel with decentralization and the increasing range of functions performed by local governments in most countries (Schiavo-Campo & Sundaram, 2000).

Poor procurement planning has been one of the major stumbling blocks to the economic development of Africa and it has been clear that a number of African countries have not paid adequate attention to the proper management of public resources (Basheka, 2004). An efficient public procurement system is vital to the advancement of African countries and is a concrete expression of the national commitment to making the best possible use of public resources (Kabaj, 2003). The influence of new public management (NPM) philosophies in the functioning of the public sector has been embraced procedurally by government departments in a number of African Countries.

A significant number of African countries have over the years adopted measures aimed at decentralization of government, together with development planning and administration and this fashion became popular in the 1980s (Livingstone & Charlton, 2001). By the late 1990s the failure of the existing procurement systems to cope with the expansion in government procurement requirements and to delivery of value for money had become generally accepted among government and donor partners (Agaba and Shipman, 2007). In Kenya, never before has there been a growing interest in the procurement planning as discovered by the researcher than it is today. Its management now appears on

the agenda of researchers, academics, and policy makers (Partrick Kakwezi and Sonny Nyeko unpublished thesis).

This is currently the principle law governing procurement and disposal in public sector. It prevails over all regulations and guidelines relating to procurement at all levels of the public sector in Kenya. It has created a new procurement framework intended to achieve a number of objectives. Firstly, is to promote economy and efficiency in procurement and disposal activities of the public sector. Second is to ensure public procurement and disposal is conducted in a fair, transparent and non-discriminatory manner within public sector. Thirdly, to promote integrity and fairness of the procedures; fourthly, is to increase transparency and accountability in those procedures and finally increase public confidence in those procedures.

A procurement plan must be integrated into annual sector expenditure programs to enhance financial predictability (PPOA, 2009) and Public Procurement and Disposal General Manual. Section 26 (3) of the Act and Regulations 20 and 21 make procurement planning mandatory. The procurement plans are prepared as part of the annual budget preparation process as they are necessary to inform the cash flow preparation. The annual procurement planning is an integral part of the budget processes. Therefore it is important to appropriately plan multiyear procurement and to integrate them into the medium term budgetary frameworks. The target group of the study is Mombasa law Court. This is a public institution which offers a variety of services to the public.

## 1.2 Problem Statement

Procurement planning is one of the primary functions of procurement with a potential to contribute to the success of public institution's operations and improved service delivery (Basheka, 2008). It is a function that sets in motion the entire acquisition/procurement process of public institutions. Despite this importance, very limited scientific research has been done to examine the extent to which efforts in procurement planning can contribute to effective public

institution's performance (DCD/DAC, 2003). Every institution that uses state funds for its operations is supposed to comply with the Public Procurement Act with effect from August 2005 (PPOA Manual, 2009) the implementation of the Public Procurement Act is very crucial to these institutions. Procurement is now one of the top items that consume public money (Wittig, 1999) and therefore procurement planning helps to address the loopholes in the system which millions of state funds are misappropriated through procurement.

Regardless of the effort by the governments of developing countries, like Kenya and development partners like the World Bank to improve performance of the procurement function, public procurement is still marred by shoddy works, poor quality goods and services (Basheka, 2004). Failure to implement or delayed implementation of recommended performance standards has resulted in unnecessarily high operation costs, uncoordinated business activities, and failure to attract and retain experienced and skilled personnel in the procurement positions, thus affecting the function's performance (The World Bank Country Procurement Assessment Report, 2004). PPOA Manual (2009), states that adequate planning and prioritization of needs by each procuring entity is an essential prerequisite to effective procurement for the following reasons: Funding for procurement is unlikely to be sufficient to meet all requirements, and scarce financial resources must be allocated to meet the priority public services before less essential needs; and publication of realistic annual procurement plans allows the private sector to respond more effectively to the requirements and specifications of government, through investment in staff and equipment, manufacture and importing of goods, and financial planning. Mombasa law court procurements have been termed to be weak since procurement planning was not put in place. The organization's expenditure has been extravagant and inadequate as revealed by the past minutes obtained. The organization has not been able to adequately provide good expenditure of their allocated budget which is attributed to lack of proper procurement planning. There is a need for procurement planning as it assists procurement entities fulfil their requirements and needs in terms of procurement and hence achieves their service delivery objectives (performance).

### 1.3 Objectives

The study general objectives were to find out the effects of procurement planning on institutional performance, a case study of Mombasa law court. The specific objectives were; to determine the effect of Proper Need Assessment on institution's performance, to establish the effect of Procurement Cost Estimation on institution's performance and to determine the effect of Quality Specification of goods on institution's performance.

## 2. Literature Review

### 2.1 Theoretical Review

Various models have been formulated to explain on performance and what organizations need to do in order to

enhance performance. These models play an important role in the study on effects of procurement planning on performance. It is important for an organization to maintain the procurement plan. It is considerably more expensive and extravagant to procure items in an organization without a procurement plan and therefore many public institutions are abiding by the public procurement and oversight authority rules and regulations to improve on performance in terms of procurement planning.

This means the entity will reduce overstocking, saves on cost achieved through economies of scale and procurement of quality works, goods and services achieved through quality specifications. For this reason, many organizations have seen that any money spent in improving the level of service is an investment in the business, and can often be measured against an increase in market share and the performance of the business (Watkins, 2002).

#### 2.1.1 The concept of Performance (Balanced Score Card)

The first theory of the study the concept of performance explained by the balanced scorecard methodology as an analysis technique designed to translate an organization's mission statement and overall business strategy into specific, quantifiable goals and to monitor the organization's performance in terms of achieving these goals. Kaplan and Norton (1992) explains balanced scorecard methodology as a comprehensive approach that analyzes an organization's overall performance in four ways, based on the idea that assessing performance through financial returns only provides information about how well the organization did prior to the assessment, so that future performance can be predicted and proper actions taken to create the desired future.

The methodology examines performance in four areas: Cost analysis in terms of procurement the most traditionally used performance indicator, includes assessments of measures such as operating costs and return on investment customer analysis looks at customer satisfaction (need assessment) and retention; internal analysis looks at production and innovation, measuring performance in terms of maximizing profit from current products and following indicators for future productivity; and finally, learning and growth analysis explores the effectiveness of management in terms of measures of employee satisfaction and retention and information system performance. As a structure, balanced scorecard methodology breaks broad goals down successively into vision, strategies, tactical activities, and metrics. As an example of how the methodology might work, an organization might include in its mission statement a goal of maintaining employee satisfaction

#### 2.1.2 Resource-Based Approach

The second theory of the study resource-based view (RBV) emphasizes the firm's resources as the fundamental determinants of competitive advantage through procurement planning and performance. It adopts two assumptions in analyzing sources of competitive advantage Peteraf and Barney (2003). First, this model assumes that firms within an industry (or within a strategic group) may be heterogeneous with respect to the bundle of resources that they control. Second, it assumes that resource heterogeneity

may persist over time because the resources used to implement firms' strategies are not perfectly mobile across firms. Resource heterogeneity (or uniqueness) is considered a necessary condition for a resource bundle to contribute to a competitive advantage. The argument goes "If all firms in a market have the same stock of resources, no strategy is available to one firm that would not also be available to all other firms in the market, Cool et al (2002). Barney (2003) explains Procurement Performance is attributed to resources having intrinsically different levels of efficiency in the sense that they enable the firms to deliver greater to their customers for a given cost (or can deliver the same benefit levels for a lower cost).

## 2.2 Conceptual Frame Work

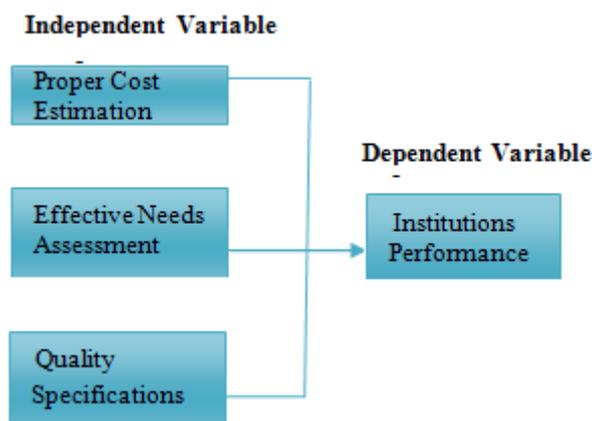


Figure 1: Conceptual Framework

### 2.2.1 Needs Assessment in Procurement Planning

Procurement Planning entails the identification of what needs to be procured (which is the result of a Needs Assessment), how the organizations needs can best be met, the scope of the goods, works or services required, what procurement strategies or methods to be deployed, setting the time frames, and the accountability for the full procurement process. According to (Ezeh, 2012) Needs Assessment is "a systematic process for determining and addressing the needs, or gaps between current conditions and desired conditions or wants. This is important in procurement; because it is an effective tool to identify appropriate interventions or solutions by clearly identifying the problem to ensure that finite resources (Prior Budget appropriations) are directed towards developing and implementing a feasible and applicable solution for identified projects

According to the (PPOA, 2009), the beginning of the procurement process is need realization and identification of the requirements. This is informed by the inventory status, projects plan, production schedules, work plans, capital or operational requirements budgets and the procurement plan. Establishment of the requirements is the foundation for conducting market survey to ascertain aspects such as prices, new products or alternative or substitute products, new sources of supply, nature of competition and environmental aspects that may affect the supply market.

In a 2007 report, (Karin *et al.*) singled out non-adherence to procurement methods as a major impediment to public

procurement development in Kenya. They however did not specify the stage of procurement where this happened. In as much as the above studies highlight the core role of proper need assessment as a foundation for an effective procurement, they fail in bringing to the fore the link between need assessment and institutional performance. Recent theorists also point to the importance of public administration as a moral and ethical concern and recognize that administrative action is permeated by moral choices and are therefore models of not only technical and professional competencies but also of moral behavior (Schlosser, 2003).

### 2.2.2 Quality specification in procurement

According to Garvin (2003), quality is defined using five different approaches namely; the transcendent approach; the product-based approach; the user-based approach; the manufacturing-based approach; and the value-based approach. The transcendent approach equates quality with Innate excellence: The product-based approach defines quality as a sum or weighted sum of the desired attributes in a product: The user-based approach identifies a high quality item as one that best satisfies consumer needs or wants.

Gronroos (2001) defined service quality as a measure of how well the service level delivered meet customer expectations. A common definition of service quality is that service should correspond to the requirements (Edvardsson, 1998). Despite rigorous academic debate and attention to issues related to understanding service quality from an external customer's perspective, research on the procurement needs domain is relatively new (Gremler *et al.* 1994).

Edvardsson (1998) contends that specification is an integral part of the procurement function. Without a quality specification the process can be filled with pitfalls and obstacles for the purchasing department. He lists the characteristics of a good specification as follows; Identifies the minimum requirements of the end user, allows for a fair and open procurement process, provides for testing/inspection to insure the goods/services received meet the standard set forth in the specification and provides equitable award at the lowest possible cost.

### 2.2.3 Cost Estimation and Forecasting in Procurement

According to the PPDA Act (2007), purchases must be economical and efficient. This means that they should be based on market prices and should be able to generate saving. It also means that bad practices such as irresponsible procurement leading to wastage, wear and tear of stocks, over invoicing, unplanned expenditure, shortage of goods when needed, poor quality products and similar factors to be avoided. The PPOA prepares and updates a Market Price Index (MPI) to be used by the Procuring Entity (PE) on a periodic basis

The Procurement Plan (PP) must be integrated into the budgetary processes based on the indicative or approved budget, as stipulated in the PPDA (2006). The budget as well as the procurement plan are to be based on realistic cost estimates derived from the market research database which is to be compiled and updated regularly by the procurement unit in line with regulations, PPDA (2009). Costs are one of the factors that are concerned with the customer perspective

but price is not seen as the only parameter for costs.

According to the Judiciary Strategic Plan (2012-2016), it intends to institutionalize results-based budgeting, and establish a financial management and accountability capacity so as to meet regulatory standards and customer needs. Specifically, the Judiciary plans to develop and operationalize value-for-money standards, trails and indicators for forensic audit, train procurement committees at the devolved units; and develop an annual procurement unit. In a 2007 Baseline survey of prices of common user items it was found that PE were buying at an average of 60% above the prevailing market price (Kirungu, 2012).

### 2.3 Critique of the existing literature relevant to the study

The aim of the above literature review was to analyze the studies carried out on procurement planning with a special focus on, need assessment, cost estimation and quality specification. Nwabuzor (2005) describes a comprehensive procurement performance as a function of an all-inclusive procurement planning process that analyzes all the variables in a specific environment. In relation to the above discussion, the studies and theories have established the value of, cost estimation, quality specification and need assessment. They, however, fail to highlight in clear terms the role of the above procurement planning variables on institutional performance.

Therefore, the study attempting to establish these relationships is more necessary for developing application of such relationships and performance with a close link to Mombasa Law Courts. Lack of accountability creates opportunities for corruption. Brinkerhoff (2004) identifies three key components of accountability, including the measurement of goals and results, the justification or explanation of those results to internal or external monitors, and punishment or sanctions for non-performance or corrupt behavior. Institutions 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 & BAL dry, 2002 and CIPS Australia, 2005).

Basheka (2004) argues that procurement planning is one of the primary functions of procurement with a potential to contribute to the success of local government operations and improved service delivery. It is a function that sets in motion the entire acquisition/procurement process of acquiring services in local governments. Mullins (2003) asserts that the contribution of procurement planning in facilitating an efficient and effective service delivery in public sector organizations is generally undisputed in both developed and developing countries. Its contribution can be at both central and local government levels of public sector management. This Study revealed a significant positive relationship between procurement planning and performance in local government procurement systems. These results are compared to international research findings, and suggestions are offered for management, policy making, and future research.

According to the Judiciary Strategic Report (2012), the Judiciary procurement has been synonymous with corruption, fraud and under dealings. Various officials have been sacked and prosecuted for corruption which has affected the overall performance and delivery of justice to Kenyans.

### 2.4 Research Gaps

Whereas previous studies have always looked at procurement planning and its effect on organizational performance not all factors have been dealt with within the institutions of justice in Kenya. The aim of the Public Procurement Regulations of 2006 was to promote fairness, accountability and procedures in procurement in public institutions with the main aim of ensuring efficient use of public funds. However, studies reveal that even after the enactment of the Regulations there are losses of public funds that can be attributed to public procurement. Further, studies indicate dissatisfaction among stakeholders brought about by loopholes left by the Regulations which may be used by dishonest people to make the process inefficient.

### 3. Methodology

The study adopted a descriptive research design. The study was conducted at the Mombasa Law Court. The design is considered appropriate as it will enable the researcher to reach many subjects within limited time (Kothari, 2005). It is aimed to give intense and detailed description of existing phenomenon with intent of employing data to justify and make plans that are more effective

The population was chosen to delimit the research and gather sufficient data within the time limit and cost. The target of the study was Mombasa Law Court employees comprising of the judicial officers and paralegal officers. This was categorized as follows: Chambers, Procurement, Finance and Human Resource Departments. The target was chosen because of the role they play in the procurement process in the Mombasa Law Court. The respondents in this study were selected from population of management and employees at MLC. A total of 60 employees which constituted 30% of the total population were selected using stratified and simple random sampling techniques.

**Table 1:** Sample Population

Department	Population	Sample	Percentage
Chambers	35	11	18.3
HRM & Admin	20	6	10.0
Finance Department	15	5	8.3
Procurement	10	3	5.0
Registries	108	31	51.7
ICT	12	4	6.7
TOTAL	200	60	100

Researchers prefer using methods that provide high accuracy, generalizability and explanatory power, with low cost, rapid speed and maximum management demands and administrative convenience (Warwick and Lininger 1975-8). Basing on this fact, this study was conducted primarily through the use of questionnaires document analysis and interviews schedules. This being a quantitative survey,

descriptive methods of data analysis was used. Information collected through the research instruments from respondents was analyzed using descriptive statistical methods. The information was presented by use of frequencies percentage tables and pie charts for quicker interpretation of data.

#### 4. Findings

##### 4.1 Effects of procurement planning on organizational performance

This objective was analyzed by looking at the following variables; need assessment, quality specification and cost estimation. When the respondents were asked these questions the results were ranked as in the table 2 below.

**Table 2: Effects of Procurement Planning**

<i>Effects of procurement planning</i>	<i>F</i>	<i>%</i>
Need assessment	35	58
Cost Estimation	15	25
Quality Specification	10	17

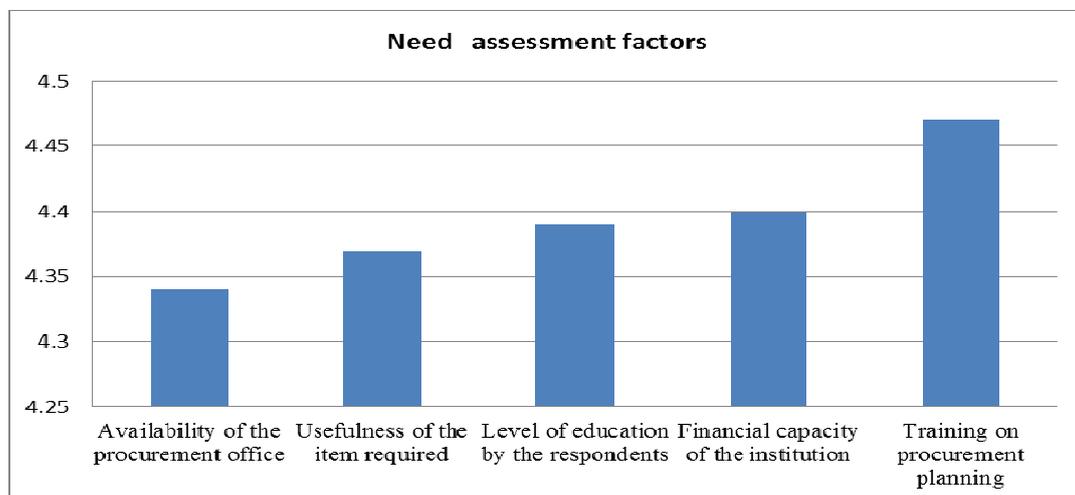
In relation to effects of procurement planning, proper need assessment, Procurement Cost Estimation and Quality Specification. Need assessment was ranked first with frequency (35) and the highest percentage of 58%. Procurement cost estimation was ranked second with a frequency of 15 and a percentage of 25 %.)Finally Quality specification was ranked third with a frequency of 10 and a percentage of 17%. This result reveals that among the effects of procurement planning, need assessment was the major factor affecting procurement planning and pivot level of

decision for procurement department of any institution. This is evidenced by the statement having the highest percentage and frequency thus being ranked the first. This shows that the point of need assessment is quite vital for any step in the procurement planning process. Organization or institution must always have adequate planning for its procurement activities through establishment of every department need analysis, then cost estimation evaluated against the need to match with available budget threshold for the institution.

The results showed that cost estimation was ranked second with a frequency of 15 and a percentage of 28% still showing an agreement that the factor affects procurement planning. Quality specification also had a mean of 4.44 which was ranked third and also showing an agreement that requirements given to the procurement office will determine the amount of money to be allocated. Thus procurement planning is affected by the quality specification provided by the user departments. If the quality of the items to be procured is poor then the procurement plan will also be poor.

##### 4.2 Extent to which needs assessment affects procurement planning

The first objective of the study was to determine the effect of proper need assessment on institutions performance. Need assessment is the determinant of the institution requirements and then budget developed for it for the institution at any given point.



**Figure 2: Need assessment a factor**

##### 4.3 Needs assessment an effect of procurement planning.

The results from the study reveals that need assessment as effect of procurement planning is considered to be strongly agreeable by most employees sampled.35% of the sample prefer need assessment as the best effect of procurement planning. This automatically shows that it's a major factor that affects procurement planning in most organizations. This was measured by the following variables: No of staff sampled, availability of the procurement office in the

institution, level of education by the respondents and financial capacity.

The study has established that cost estimation has been considered to be among the effects of procurement planning which is agreeable by the sampled population. 30% of the population recommends that is the major factor affecting procurement planning therefore it must be put into consideration when the plan is being prepared. All procurements by any institution are it private or public is guided by the availability of funds an organization can

finance. Therefore procurement planning depends on the cost or budget of the institution.

The third objective of the study was to establish the extent to which quality specification affects procurement planning. The study has established that quality specification is very vital aspect in any organization in matters related to procurement planning as found out in Mombasa Law court. This was measured using the following variables: the type of item to be procured, financial capacity, procurement method applied and availability of procurement department.

**Table 3:** Quality specification as an effect of procurement planning

Quality Specification	Mean	Rank
Type of item to be procured	4.34	1
Financial capacity	4.37	2
User involvement in the specification	4.39	3
Professionalism Applied	4.40	4

**4.4 Findings on quality specification as an effect of procurement planning**

Findings results of quality specification as an effect of procurement planning ranked item to be procured highest with a mean of 4.34 financial capacity of the institution ranked second with a mean grade of 4.37 and finally by procurement method applied mean of 4.39, fourth was the professionalism applied with a mean of 4.40. Results reveal that quality specification as a factor affecting procurement planning is best considered in the type of item to be procured. The user department while putting across their requisition they need to come out with specification for their requirement which should be within quality standard measures.

The third objective of the study was how quality specification affects procurement planning. The management view was measured by looking at the following variables: type of item to be procured, financial capacity, procurement method applied and professionalism applied in the procurement planning.

**Management view on Quality Specification**

management view on quality requirement Type of item to be procured was ranked first with a mean of 4.34, financial capacity of the institution was ranked number two with a mean of 4.37, user involvement in specification was ranked number three with a mean of 4.39 and professionalism applied number four with a mean of 4.40 on the likert scale.

**Table 4:** Management View on Quality Specification

Management View	Mean	Rank
Items procured	4.34	1
Financial capacity	4.37	2
User involvement	4.39	3
Professional	4.40	4

Source: (Survey 2014)

The above results show that the type of item to be procured was the major management view that affected the quality specification in the court. It is seen that the type of item to be procured in any organization will affect the quality of

specification and thus affecting the procurement planning. For example the type of item will determine the procurement method to be applied hence the specification should be very clear to give maximum achievement of the quality that the user department requires. When it is not achieved then the item procured will be affected and this affects the procurement plan of an institution. Therefore management should be involved in coming up with the specification of the good/works or services that are required so that they are well captured in the procurement plan hence affecting the final procurement plan of the organization. Financial capacity of the institution is seen to affect the quality specification thus affecting the procurement plan of an entity. It was found that the institution is financially stable to procure items which are termed as necessities. Those which are not voted for can be procured through a special request from the headquarters and hence this affects quality specification and procurement plan of an institution. It has been found that Mombasa law court does not capture every item it procures in the procurement plan of the institution as some can be procured with a special request hence not captured in the financial procurement plan.

**4.5 Managements view on Need Assessment as a factor that affects Procurement Planning**

The management view was measured by looking at the following variables: availability of procurement office, management style, level of education, financial capacity and training on procurement plan. The researcher wanted to find out the managements view on the above objective considering the above mentioned variables in Mombasa law court, Financial capacity was ranked first, with a mean of 4.34, management style of the institution was ranked number two with a mean of 4.37, availability of procurement office was ranked number three with a mean of 4.9 and training on procurement plan was ranked number four with a mean of 5.1 on the likert scale.

**Table 5:** Factors that affects Need Assessment in Procurement Planning

Management View	Mean	Rank
Financial capacity	4.34	1
Management style	4.37	2
Procurement office	4.9	3
Training	5.1	4

Source: (Survey 2014)

The above results show that the financial capacity of an institution was the major management view as it affects highly the need assessment of the user in an organization. The office may need certain item but considering the item might not be bought due to the financial capacity there is reluctance in the requisition. There is a major need for the institution to be flexible enough not to restrict the officers on the financial capacity of an institution since funds can be sourced from somewhere else be it the government or from anon governmental organizations. This automatically shows that procurement planning depends on the financial capacity of an organization, that's the procurement office cannot plan to procure what the institution cannot afford hence affecting the need assessment of the users. Management style of an institution was ranked second and it affects need assessment.

The procurement law stipulates that for any item to be procured there must be a need for it. By establishing this need then the user can request for the procurement of the same therefore management style in an organization plays a great role in the need assessment of the user. The management style which encourages the user to put their needs in the request form and eventually action taken upon them through commitment and finally procurement planning is achieved. Mombasa law court is one of the institutions which meet this factor. The management acknowledges the leadership style in there institution and actually this affects procurement planning since the users are convinced that almost 80% of their requests are implemented. The third factor to be ranked is the availability of the procurement office which has been newly constituted and termed by the management as a savior to them. The office has played a great role in ensuring that procurement planning is achieved .The users are requested to channel their needs to the procurement office through the request which is then implemented as first as possible as compared to when the office was not in place. Lastly the factor on training on procurement planning is ranked fourth and the last since the management have never been trained on planning their needs and only channels them to procurement when the need arises which is not the proper case. From the above research carried down in Mombasa Law Court an organization should be able to educate the users on need assessment and procurement planning since need assessment affects procurement planning though the above stated factors and for all of them to be achieved major efforts by the procurement office and the management should be felt.

**Table 6:** Extent to which need assessment affects procurement planning

<i>Need Assessment</i>	<i>Mean</i>	<i>Rank</i>
Financial capacity	4.34	1
Management style	4.37	2
Availability of the procurement office	4.39	3
Training on procurement planning	4.40	4

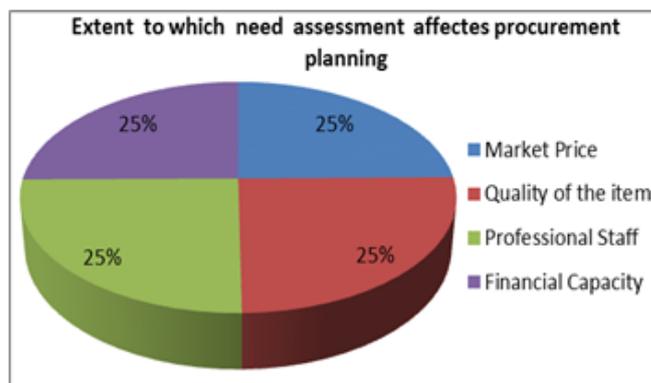
**4.6 Managements view on Cost Estimation as an effect of Procurement Planning**

The study sought to find out how cost estimation as an effect of procurement planning is considered by management. This was measured by looking at the following variables: availability of market price, quality of the items, financial capacity and professional staff.

From the ongoing study the researcher found out that market price was the factor which was ranked first with the highest mean grade of 4.34.The second variable was the quality of the item to be procured with a mean grade of 4.37, then the third variable was professional staff involved with a mean grade of 4.39 and finally the financial capacity of an organization was ranked fourth with a mean grade of 4.40. First Cost Estimation was measured by market price which stood up as major variable by being ranked the first. Actually this reflects the real situation in the field since any estimate is based on the market price of an item. As a procurement professional one is required to come up with the prices of an item based on the market price, that’s there,

must be a basis on the price through a market survey or past records on procurement of the same item in the same financial period.

Cost estimation affects procurement planning since no planning can be done without financial estimates. The second item rated was quality of the item to be procured. There is no way that a procurement profession can rate the price without putting in mind the quality. Items in the market are given prices depending on the quality, the higher the quality the higher the price and the lower the quality the cheaper the price. Therefore the researcher established the management in Mombasa Law Court termed cost estimation as an effect of procurement planning and is affected by these variables.



**Figure 3:** Extent to which need assessment affects procurement planning

From the above is very clear that the cost estimation of the items to be procured is quite important in coming up with a procurement plan as this affects the budget .The law stipulates that no procurement should exceed the money available in the budget. Therefore the procurement department should emphasize on carrying out market survey to come up with the estimated price of a commodity before the procurement plan can be implemented.

Furthermore cost estimation is also determined by the professionalism of the procurement staff to carry out a market survey, financial capacity of an organization determined with how much has been allocated in the budget to serve that particular vote and the quality of the item needed to meet the financial capacity of the budget as allocated.

**Extent to which Cost Estimation affects procurement planning**

The study also sought to find out the ranking of all the factors considered to be the effects of procurement planning in Mombasa law Court. These are Cost estimation, Quality specification and Need assessment. These effects affect procurement planning of an institution. Therefore Mombasa Law court as the area of study should adhere to these as the guidelines in procurement planning. Cost estimation is the factor which was rated first, followed with need assessment and then finally but not least quality specification. The ranking is shown in the table below.

**Table 7:** Ranking of all effects of procurement planning on organizational performance

Factors	Mean	Rank
Cost Estimation	4.0	1
Need Assessment	4.1	2
Quality Specification	4.2	3

On ranking the above effects of procurement planning in organizations performance in Mombasa Law Court, Cost estimation was ranked first with 4.0, Need assessment was ranked second with a mean of 4.1 and finally Quality specification was ranked third with a mean of 4.2.

## 5. Discussion

### 5.1 Quality Specification and Performance

The finding also showed some significant relationship between quality specification and institutional performance concurring with the finding of (Adamson, 1988; Davis, 1992; Feldman, 1991). The importance of procurement planning has been recognized and most researchers agree that procurement planning supports activities and the quality specification of the product which has a key link to organizations performance. Edvardsson (1998) contends that specification is an integral part of the procurement function. Without a quality specification the process can be filled with pitfalls and obstacles for the purchasing department. He lists the characteristics of a good specification as follows; Identifies the minimum requirements of the end user, allows for a fair and open procurement process, provides for testing/inspection to insure the goods/services received meet the standard set forth in the specification and provides equitable award at the lowest possible cost

It is worth to note that performance as perceived by customers who are the end users or consumers of the effects of procurement planning is the expectations or desires of their perceptions. Therefore if this expectations is not met then there will be a negative attitude towards the outcome and it will be disregarded.

Agaba (2007) contends of poor accountability measurement within the public procurement as the major reason why service quality is compromised within the public service. This has become obvious reason why entities fail in achieving important goal of satisfying the internal users. Accountability is important both in itself and as a means to improving perceived service quality of both public and private organizations (Mustafa, 2005)

### 5.2 Need Assessment and Procurement Planning

Regarding the extent to which need assessment affects procurement planning, the study established that there was a significant statistical relationship between need assessment and procurement planning. Lack of good planning and establishment of departmental needs affect the procurement efficiency and service delivery. Industry Manual, (2008) counsels that a procurement plan is an instrument for implementation of the budget and should be prepared by the user departments with a view to avoiding or minimizing excess votes in the entities' budgets and to ensure that

procurements do not proceed unless there are funds to pay for them. This implies that all procurement plans must be well integrated into the budget process based on the indicative budget as appropriate and in compliance with the procurement law.

Agreeably Mamiro (2010) in his findings underscores these facts and concludes that one of the major setbacks in public procurement is poor procurement planning and management of the procurement process which include needs that are not well identified and estimated, unrealistic budgets and inadequacy of skills of procurement staff are responsible for procurement problems in an institution

The study also identified staff training and professionalism as other key factors affecting the quality of organizations performance.

The finding that training and professionalism confirms the views of (Bentley, 1991), that training ensures that the organization has people with the correct mix of attribute, through providing appropriate learning opportunities and enabling them to perform to the highest levels thus putting an organization as performing. These views are further supported by (Gupta, 1997) who viewed training as a selection of the best person for a job, and the first step in staffing. Thus the selected people should be trained and developed to build an effective work force.

Indeed training is the process of increasing the knowledge and skills of an employee for doing a particular job. The findings in this study therefore confirm the views of (Boot, 1999) that training should be used in many areas such as the observed; training can help employees develop a positive attitude about them and seek opportunities to serve customers. These views are shared by Lim and Darling (1997) that training should not only lead to skill improvement, but also change the way employees think and view their job.

### 5.3 Staff Competency and Procurement Performance

Regarding Cost estimation in any institution it's determined by the professionalism applied by the employees undertaking the exercise. This is indicated by the respondents that effective and efficient procurement process can only be achieved by proper planning by competent staff else there would be flaws in the process. Competent staff would ensure that items services are procured as and when the need is expected. Lysons and Gillingham, (2003) confirms this indicating that procurement personnel should be knowledgeable about specifications so as to be able to secure value for money for their employers and play their role of intermediaries between the user and the supplier.

### 5.4 Effects of Procurement Planning and Performance

Basheka, (2008) in his findings concludes that planning is a process that consists of many steps and the bottom line is that planning is not concerned with future decisions but rather with the future impact of decisions made today. The results further revealed that the departments prepared annual procurement plans and that the procurement plans were prepared and the goals set participatory. Procurement plans

therefore influence procurement performance in the sense that they provide focused and efficient utilization of available resources, help in budgeting and planning and therefore with adequate provision of funds due to procurement plans, performance is assured.

## 6. Conclusion

Based on the above findings it can therefore be concluded that there was a significant statistical relationship between procurement planning and performance. Staff competence which is shown in the professionalism while coming up with the cost estimates and quality specification in the procurement plan as shown in the findings. Factors affecting procurement planning was identified as need assessment, cost estimation and quality specification; other factors identified included: Financial capacity of an institution, professionalism, Management style, Availability of the procurement office, market price and quality of the items to be procured. Some identified factors are very vital to institution procurement process. Lack of proper planning through effective identification of user needs in an organization creates an avenue of unethical practices in procurement department such as corruption and improper use of resources, excess budget votes therefore integration of procurement planning into budgetary process is important in an institutional framework.

Staff training competency in all departments more so in procurement in the research has proved to be very necessary, effective and efficient procurement process can only be achieved by proper planning and competence staff or else the institution expects flawed procurement process.

The bottom line in procurement planning is that planning is not about the future decision but the impact of decision today, the goals must be set participatory by all users this will influence procurement performance and effective utilization of available resources and budget allocation.

## 7. Recommendations

Based on the above findings, the researcher therefore recommends the following:

### 7.1 Policy Recommendation

Findings revealed that procurement competences and most especially key personal competences highly predicted perceived performance of user departments and the institution as a whole... This therefore calls for the PPOA to carryout competences profile for all procurement cadres working in the public sector institution in all counties from time to time. Special emphasis should be put in developing key personal competences which are not clear in Public sector organization reform Agenda. Such profile can be used for major human resource functions such as recruitment and selection, performance management and training and development of procurement officers with an aim of ensuring quality employees.

Procurement practitioners' Association should be established where representatives from centers of expertise and various procuring entities should meet regularly to inform test and develop policies and where appropriate operationalize issue

### 7.2 Managerial Recommendation

There is need for all users of organization department to develop the resource requirements needs for their department to allow procurement department proper budgetary allocation vote to the needs of the department to avoid wastages of resources and where over spending without planning a risk factor for procurement professionals.

### 7.3 Future Scope of the Study

The Researcher recommends more studies to be replicated in other public sectors to enable the readers acknowledge the area of study.

## References

- [1] Amaratunga, D., & Baldry, D. (2002). Moving from Performance Measurement to Performance Management. *Facilities*, Vol. 20 No. 5/6, pp. 217- 223.
- [2] Artley, W., & Stroh, S. (2001, September). *The Performance-Based Management Handbook*, Volume II. Retrieved September 24, 2008, from Oak Ridge Institute for science and education website:
- [3] Basheka, B.C. (2009), Procurement and Local Governance in Uganda: a factor analysis approach, *International Journal of Procurement Management*, Vol.2, No. 2, pp. 191-209.
- [4] CIPS Australia. (2005). *How do we measure up? An Introduction to Performance Measurement of the Procurement Profession*. Retrieved July 17, 2008, from Chartered Institute of Purchasing and Supply website: [http://www.cips.org/documents/Performance\\_Measurement.pdf](http://www.cips.org/documents/Performance_Measurement.pdf)
- [5] Mamiro, R. G. (2010). Value for Money, The Limping Pillar in Public Procurement.
- [6] Mentzer, J.T. et al. (2001): Defining Supply Chain Management, in: *Journal of Business Logistics*, Vol. 22, No. 2, pp. 1–25.
- [7] Movahedi B., Lavassani K., Kumar V. (2009) Transition to B2B e-Marketplace Enabled Supply Chain: Readiness Assessment and Success Factors, *The International Journal of Technology, Knowledge and Society*, Vol. 5, No. 3, pp.75-88.
- [8] Mugenda and Mugenda, (1999) Research Methods
- [9] Neely, A. (1999). The Performance Measurement Revolution: Why now and What next? *International Journal of operation and production management*, Vol.19, No. 2, 205-28.
- [10] Performance Management Models and Purchasing: Relevance Still Lost. *Researches in Purchasing and Supply Management, the 14th IPSERA Conference*, (pp. 687-97). Archamps.
- [11] Rotich, L. M. (2011). Influence of Planning on Procurement Performance in the Kenya Public Financial Sector.
- [12] Sekaran, U. (2003). *Research Methods for Business*. New York

- [13] Simchi-Levi D., Kaminsky P., Simchi-levi E. (2007), Designing and Managing the Supply Chain, third edition, McGraw Hill
- [14] Telgen, J., Zomer, G., & de Boer, L., (1997). The efficiency and effectiveness of government purchasing in The Netherlands. Retrieved September 2, 2008, from University of Twente website: <http://www.bbt.utwente.nl/ompl/staff/Telgen/>
- [15] The European Institute of Purchasing Management. (2004). Measuring Purchasing Performance: The role of purchasing measurement systems in strategy implementation. *The 9th EIPM Annual Purchasing Conference*. Haute Savoie, France: The European Institute of Purchasing Management.
- [16] The Government of Kenya (2005) *Public Procurement and Disposal Act (2005)* Nairobi
- [17] The Government of Kenya (2006) *Public Procurement and Disposal Regulations*, 2006 Nairobi.
- [18] The Government of Kenya 2009 *Public Procurement and Disposal General Manual* (2009). Nairobi.
- [19] The Government of Uganda. (2003). *The Public Procurement and Disposal of Public Assets Act, 2003*. Entebbe, Uganda: UPPC.
- [20] Waal, A. (2007). Strategic Performance Management: A managerial and behavioral approach. Palgrave MacMillan.
- [21] White, H (2009) Some Reflections on Current Debates in Impact Evaluation Working paper1,