



Effects of Supplier Evaluation on Procurement Performance of Public Universities in Kenya

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Abstract: This study sought to determine the effect of supplier evaluation on performance of procurement function of Public Universities. The Public Universities campuses in Kericho County were involved in the survey. To achieve the objective of the study, the researcher tested three hypotheses; supplier quality commitment does not have significant effect on performance of procurement functions of public universities campuses in Kericho County, financial stability of supplier does not have effect on the performance of procurement function of public universities campuses in Kericho County and supplier competence does not have significant effect on performance of procurement function of public universities campuses in Kericho County. This was a cross sectional survey study where data was collected in public universities campuses in Kericho County at a single point in time. Population of the study was the employees in the public universities' campuses in Kericho County while the sample was selected employees in finance and procurement and accounts and finance departments. Data was collected through structured questionnaires that were administered through drop and pick technique. The collected data was analyzed through SPSS version 21. Mean and standard deviations were used to describe the variables in the study while regression analysis was conducted to determine the effect of supplier evaluation on performance of procurement function of the public universities campuses in Kericho County. The findings of the study revealed that suppliers' quality commitment, suppliers' financial capacity and suppliers' competence have significant effect on performance of procurement of procurement function of public universities campuses in Kericho County individually with $t=3.144$; $p=0.003$, $t=1.101$; $p=.046$ and $t=4.335$; $p=0.000$ respectively and collectively with R-square value of 0.661. From the findings, the study recommends that experts who are knowledgeable and have expertise should be consulted in conducting supplier evaluation. Supplier evaluation criteria should focus on suppliers' quality commitment, financial capacity and competence should be considered when awarding supply contracts to suppliers. The study suggests that a comparative study should be conducted to establish if there is difference in the effects of supplier evaluation on procurement performance between physical product organizations and service organizations. Further studies should be conducted to relate supplier evaluation and procurement performance in private universities in Kenya to establish whether there is any difference. Lastly, further study may also be conducted on the application of seven progressive steps of supplier evaluation.

Keywords: Supplier Evaluation, Procurement Performance, Public Universities

1. Introduction

Organization's ability to offer consistent quality and compete largely depends on its access to quality products and services (CIPS, 2013). As market factors change, organizations also need to change. This is particularly true in competitive and globalized markets. Organizations are constantly under pressure to find ways to cut material and production costs through engaging in strategic supplier

selection process and evaluation (Weber, 2008). According to Nadir (2012) supplier evaluation is perceived as a tool which provides the buying firm with a better understanding of "which suppliers are performing well and which suppliers are not performing well" but studies reveal that even after having carried out an in-depth supplier evaluation plus appraisal coupled with the enactment of Public Procurement and Disposals Act (PPDA) of 2005 and other policies on supplier evaluation, inefficiencies still exist ranging from

supplies being made halfway or even termination of contracts before conclusion.

Any organizational success often hinges on the most appropriate selection of its partners and suppliers. Procurement is an increasingly important activity within most Universities, and severe financial and operational consequences can result from the failure to optimize the procurement function. Specifically, appropriate suppliers selection is one of the fundamental strategies for enhancing the quality of output of any organization, which has a direct influence on the company's competitiveness and reputation (Adamyam, 2002). One of the techniques used by organization to select best suppliers is supplier evaluation. Supplier evaluation is the quantitative and qualitative assessment of suppliers to ensure a portfolio of best in class suppliers is available for use (Kemunto, 2014). To sustain effective and reliable sources of supplies, buyers should select their suppliers carefully and evaluate them regularly (Humphreys, 2003).

The concept of supplier evaluation has gained popularity among practitioners and even scholars (Humphreys, 2003). In Malaysia, for instance, Junli (2008) conducted a study to assess the impact of supplier evaluation on business performance among private hospitals. In Nigeria, the study conducted by Akenroye et al. (2012) on supply chain practices identified supplier evaluation and a critical supply chain activity that every organization must engage in. In Kenya, the PPDA Act 2005 and procedure 2006 serves as a guide that provides guidelines and procurement procedure and supplier evaluation for public procurement entities to ensure judicious, economic and efficient use of state resources ensuring that public procurement is carried out in affair, transparent and non-discriminatory manner. Among other criteria, the Act 2005 states that tenderers and other suppliers should possess the necessary professional and technical qualifications and competence, financial resources, equipment and other physical facilities, managerial capability, reliability, experience in the procurement object and reputation; and the personnel to perform the procurement contract. In spite of all these, public institutions such as Universities have never realized the objective of supplier evaluation (PPOA, 2009).

Kakwezi and Nyeko (2014) associated procurement performance with effectiveness and efficiency procurement operations. On the other hand, Muma et al. (2014) and Osuga et al. (2015) pointed out that procurement operational performance is associated with reduced procurement costs and improved achievement of procurement organizational goals respectively. The concept of procurement performance has emerged strongly in the recent past in Kenyan Public sector (Chemoiywo, 2014). This is due to the malpractices and inefficiencies experienced in the sector in the past. Similarly, the public procurement functions in Kenya have been characterized with inadequate funding from the government (Ikumu, 2014).

Expert Group Meeting discussed by Rotich et al. (2015) pointed out that procurement performance is concerned with effectiveness and efficiency in procurement operations. They

came up with eight indicators for measurement of procurement operational performance. The indicators include; the level of price variance, level of contract utilization, expiration management, supplier performance, procurement cycle time and variability, payment processing time, procurement cost and staff training. Procurement performance is associated with cost reduction, enhanced profitability, assured supplies, quality improvements and competitive advantage (Kamotho, 2014). This study intended to study how procurement operational performance can be enhanced through supplier evaluation.

Public procurement is the purchasing and logistics operations in the public sector or in public institutions (Osuga et al., 2015). In many countries, the public sector is the major source of market for suppliers sometimes demanding up to 40 percent of national demand. For instance, in the UK, the public sector demand per year stands at £150 billion. For this reason, the government of UK has formulated public contracts regulations 2015 aimed at enhancing transparency and efficiency in public procurement operations in the country (UK Legislation, 2015). In Africa, owing to the importance of public procurement, conference on public procurement has been constituted to look at issues of integrity and transparency in public procurement (International Trade Centre, 1999). Similarly, scholars have developed interest on the subject of public procurement in the recent past conducting a number of studies on the subject. For instance, Quinot & Arrowsmith (2013) wrote a book that focused on the law governing public procurement in a number of African systems and looks at key themes relevant to all African states to provide a focused view of the African systems and bring a comparative perspective in understanding Public Procurement in Africa and other parts of the world.

In Kenya, the Public Procurement and Disposal Act 2005 outlined the process through which the government operates and spends public money (Rotich, 2015). It is estimated that in Kenya public procurement accounts for over 10% of the Gross Domestic Product (GDP), making it a large market for suppliers and contractors (Cousins, 2008). With this amount of resource, public procurement tops the list of sectors with high opportunities for corruption (International Transparency, 2010). This therefore means that every effort should be made to erect safeguards to check against corrupt malpractices in public procurement (PPOA, 2009). It is for this reason that there is a need to assess both the potential and current suppliers on one on one basis to improve their performance and capabilities for the benefit of buying organization (CIPS Knowledge, 2014).

After the prequalification of suppliers through supplier evaluation, improvement in procurement performance is expected, however it puzzling to note that buyer supplier relationship does not last any longer, suppliers are in most cases conventionally selected on the basis of low price and less importance is given to the suppliers who give assurance of on time delivery and long term relationships (OECD, 2007). The question arises in this case as to what criteria to

Public Universities use in selecting and evaluating its suppliers for better procurement performance.

There have been reported concerns that procurement performance of the public institutions including public universities have a lot of gray areas in the procurement operations ranging from suppliers failure to meet delivery dates, delivery of inferior materials and even at times failing to furnish the orders completely (OECD, 2007). At the same time there is an increasing trend of a number of suppliers even those within the approved list of suppliers demanding payment before the deliveries are made (The star, 2014). The aim of this research proposal therefore is to find out the effect of supplier evaluation on the performance of procurement function in public Universities in Kenya.

1.1. Statement of the Problem

Suppliers are important stakeholders whose operations can impact the overall performance of a given procurement function. The choice of an organization's supplier should be guided by an elaborate evaluation of the potential suppliers since the suppliers can impact the performance of any procurement function or process. Delayed deliveries, poor quality products or services, non-completion of orders and even threats of litigation due to delayed payments is a common scenario experienced by public institutions.

Report by PPOA indicates that up to 30% of procurement inefficiencies in the public sector in Kenya are attributed to supplier's performance issues. There is therefore concern as to what can be done to reduce supplier related procurement issues. One of the ways through which organizations strive to reduce supplier related inefficiencies is through evaluation of suppliers. In ideal situations, supplier evaluation is expected to positively influence procurement performance. However it puzzling to note that the relation has not been the case as studies reveal mixed findings with some indicating significant positive relationship while other indicate insignificant relationship.

As reported by PPOA, in the public sector in Kenya, suppliers are in most cases conventionally selected on the basis of low price and less importance is given to the suppliers who give assurance of on time delivery and long term relationships. The question arises in this case as to what criteria the Public Universities should use in selecting their suppliers for better procurement performance. Supplier evaluation is arguably one of the popularly used approaches of ensuring the right suppliers are awarded contracts. It is for this reason that this study focuses on the role of evaluation on procurement performance in public universities.

1.2. Research Objectives

1. To evaluate the effect of supplier's quality commitment on procurement performance in public universities campuses in Kericho County

2. To determine the effect of Supplier's financial stability on procurement performance in public universities campuses in Kericho County

3. To assess the influence of supplier' competence on procurement performance public universities campuses in Kericho County

1.3. Research Hypotheses

H01: Supplier's quality commitment has no significant effect on procurement performance of public universities campuses in Kericho County

H02: Supplier's financial stability has no significant effect on procurement performance of public universities campuses in Kericho County

H03: Supplier Competency has no significance effect on procurement performance of public universities campuses in Kericho County

2. Literature Review

2.1. Theoretical Review

2.1.1. Grey System Theory

According to Grey System Theory, in a practical business environment, in most instances, supplier selection takes place in an environment with less than perfect information. As such, there is some level of uncertainty in the decisions related to supplier selection. In such an environment, it is important to develop certain indicators or criteria; qualitative or quantitative that the supplier can be subjected to before selection. From this theory, the grey correlation analysis model with seven progressive steps was developed (Zou, 2008). These steps include; grey generation aimed at gathering information on grey aspects, grey modeling done to establish a set of grey variation equations and grey differential equations, grey prediction aimed at achieving a qualitative prediction, grey decision, grey relational analysis and grey control (Tsai, 2003).

The theory of Grey System considers the following factors in deciding on the best supplier; Existence of key factors important to the buyer, the numbers of factors are limited and countable and can be directly attributed to potential suppliers, in dependability of factors and factor expandability. The theory applies the principle of series comparability to generate a grey relation. An evaluation matrix may be developed to facilitate this process. The best supplier is selected by choosing a goal and weighting the values of all evaluation factors based on the characteristics of materials to be sourced based on demand patterns (Zou, 2008). In a supplier selection environment, this theory can be applied evaluation of critical performance areas by the procuring entities.

2.1.2. The Lean Supplier Competence Model

The Lean Supplier Competence Model was developed by Marks (2007). Through the model, a gap analysis can be charted and an action plan drawn to bridge the disparity in the organization. The model evaluates the supplier against the five categories supports the Lean techniques of Kaizen – continuous improvement. The Supplier Competency Model explains how organizations interact in the five areas of

competency where there is varying degrees of performance ultimately to achieve lean organizational operations. Each category is broken down into specific “behaviors” or ways the company and the supplier interact with each other. These behaviors are rated from a “1” as “Less Lean” to a rating of a “5” as “More Lean.” This measurement allows a company to determine placement of business based on common values and common strategic goals. Using this model, as the business philosophies of the company and the supply base draw together to eliminate waste, the natural result is a reduction of cost to the supply chain and to the ultimate customer (Xu, 2007).

This theory is relevant in supplier selection since it advocates for working together. It is particularly important for an organization that is intending to foster lasting supplier relationship and those intending to build strategic partnership with suppliers. The sourcing organizations evaluate suppliers based on certain competence parameters and select the one that it would best work together with (Kitheka, 2013).

2.2. Empirical Review

2.2.1. Suppliers’ Quality Commitment and Procurement Performance

A study by Tracey (2008) on analysis of supplier and procurement issues in UK established that quality commitment is determining factor for qualified supplier and is a key element and a good resource to cut production and material costs in order to survive or sustain competitive position in respective markets, hence development of an effective and rational supplier evaluation and selection is desirable. In the study, she observed that in South Korea for example, the supplier quality evaluation function’s role has dramatically increased as companies sought to gain competitive advantage in the global market place. The effects of supplier quality evaluation were seen as a strategic resource for reaching high quality levels, fast delivery and cost savings. Companies such as General Motors, Mark & Spencer have been able to gain an improved competitive position through a better management of their purchasing activities (Amelia & John, 2003).

A study conducted by Kithika et al (2013) on supplier evaluation practices established that supplier performance measurement, supplier audits, supplier development and supplier integration are the most used supplier quality management practices. The study also established that from supplier quality management, an organization may enjoy among other benefits reduced lead times, increased responsiveness to customers’, orders and enquiries, customer loyalty, increased profitability, reduced opportunity cost from lost sales and effective communication between the organization suppliers as well as customers. The study further recommended that suppliers should maintain reliable records so as to avoid the problem of poor visibility and traceability and that the organizations must build into their systems quality measures and continuous inspections so that disappointments of customers through discontinuous supply or supply of poor quality products.

2.2.2. Supplier Financial Capacity and Procurement Performance

According to report produced by EU (2008) in their survey on supplier evaluation in Germany, a competitive supplier sourcing process should be carried out in an open, objective and transparent manner can achieve best value for money in public procurement. Essential principles that should be observed in conducting the procurement function include supplier financial capacity, capability and readiness to embrace new technology among other factors. In addition to the above indicators, the findings of study conducted by Mwikali & Kavale (2012) revealed that cost factors, technical capability, quality assessment, organizational profile, service levels and risk factors, in that order of relative importance, are key factors affecting supplier selection in procurement management. The findings further indicated that supplier selection should be done by experts who are knowledgeable and have expertise to conduct the exercise professionally since supplier selection is a process vulnerable to personal and political interference especially in the public sector.

According Pamela (2013) in her study on the determinants of supplier selection and evaluation in Pakistan Telecom industry, supplier financial capacity expertise is one of the key factors which determine the eventual performance of both the supplier and procurement performance, the study depicted high correlation between the financial capacity of supplier and ability of supplier to deliver which in turn enhances procurement performance indicating a need for a strategic alliances for improved performance of the parties. Similarly, a study on the evaluation of procurement process in public institutions of Uganda, conducted in Makerere University established that reduction in purchasing cost through effective supplier evaluations is one of the most significant purposes of procurement. On average, public Universities in Uganda spent 80% of their budgets on activities related to the purchase of materials, hence cost reductions as a result of effective supplier evaluation allow the firm to pursue price competition strategies in downstream markets and sustain growth throughout the entire supply chain stream (Pontious, 2008).

2.2.3. Supplier Competence and Procurement Performance

A study by Kirande & Rotich (2014) on the determinants of public procurement performance in Kenyan Universities established that the main concern of procurement function is to make sure that one buys from the best suppliers and also improve the current suppliers. The organizations therefore choose suppliers with who have the capacity to deliver. The study further observed that supplier evaluation can work as a tool to influence future behavior of both buyer and supplier organization. By connecting procurement targets to certain supplier competence, organizations achieve higher supplier performance thereby leading to improved procurement performance. On the other hand Nzau (2014) in his study on factors affecting procurement performance of public Universities in Nairobi County found out that selection of suppliers is done based on certain set criteria and the needs of

the procuring entity. He points out that among the factors which affects the procurement performance includes timely preparation of procurement plan, strategic supplier selection plus buyer supplier relationships among other factors.

Further study indicates that, after the prequalification of suppliers' based on supplier competence, public institutions expect a lot from their suppliers because they are confident that they have filtered their suppliers on very efficient basis but still they are uncertain about the quality of the items to be delivered, on time delivery, commitment to quality, technology leverage, and overall performance of suppliers (Masceko, 2013). These findings concur with findings of CIPS (2013) in their report on monitoring the performance of suppliers

pointed that strategic monitoring of competence of suppliers is critical in management of performance operations and most importantly, management of supplier-buyer relationship. It is important that any procurement and supplies professional have the required skills in supplier relationship competence determination so as to be in a position to develop appropriate performance criteria both for suppliers and the entire procurement function. The report further indicates that performance management criteria should be well communicated to all stakeholders who are directly involved in procurement operations so as to enhance their contribution towards achievement of the desired standards.

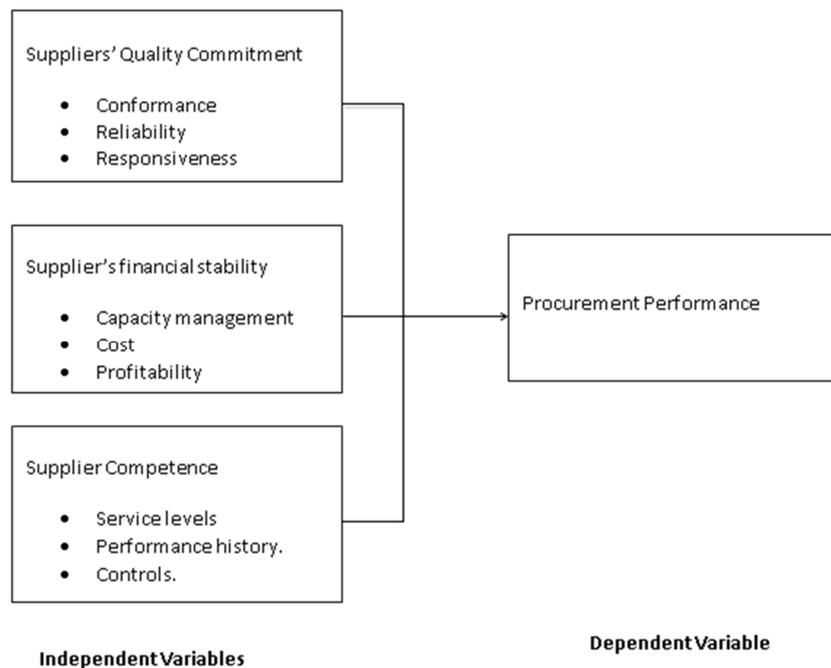


Figure 1. Conceptual Framework.

3. Methodology

3.1. Research Design

This study adopted a survey design. According to Oso & Onen (2011), the research design adopted should enable the researcher to achieve answer the questions the study is seeking to answer. This design therefore enabled the researcher to relate supplier evaluation with procurement operational performance. It was survey as primary data was collected from employees of University of Kabianga, Kenyatta University-Kericho Campus and Moi University-Kericho Campus and Kisii University-Kericho Campus.

3.2. Target Population

The target population is the total number of subjects targeted by the study (Oso & Onen, 2011). For this study, the population was all campuses of public universities in Kericho County. All employees in the campuses of the public universities constituted the population. Target population refers

to the portion of entire population in which the researcher is interested, has access to or is more likely to get the required data (Kothari, 2011). Since this is a survey, the target population was employees working in University of Kabianga, Kenyatta University-Kericho Campus and Moi University-Kericho Campus and Kisii University-Kericho Campus.

3.3. Sample Size and Sampling Technique

Sample size is the number of items involved in the study as the respondents in the study. Sampling technique on the other hand is the scientific process through which the sample elements are selected (Mugenda & Mugenda, 2013). The process of sampling that was used in the study is discussed below. In this study, the sample size for every university was determined using random stratified sampling. The researcher selected 80% of respondents were involved in the study. The formula below suggested by Oso & Onen (2011) was then used in sample determination. Table 1 presents the sample sizes per department and university.

$$n_h = (N_h / N) * n$$

where n_h is the sample size for stratum h , N_h is the population size for stratum h , N is total population size, and n is total sample size.

Table 1. Sample Distribution Table.

University	N	n
University of Kabianga	34	27
Kenyatta University	13	10
Moi University	16	13
Kisii University	7	6
Total	70	56

3.4. Data Collection Instruments

Data was collected using structured questionnaires. The questionnaires had five sections; Section A had questions on bio data of the respondents, section B, C and D has research items on supplier quality commitment, supplier's financial stability and supplier competence respectively and section E on procurement performance. Since the data collected in this study were majorly qualitative, the researcher developed a five point likert scale (1- strongly disagree to 5- strongly agree) that used to collect data on the independent and dependent indicators. Each section had adequate and relevant research items on the variables.

3.5. Validity and Reliability Test

Content validity was also used. According to Sukaran (2010), content validity is a function of well the dimensions or elements of a concept have been captured. To ensure validity of results given, the researcher developed adequate research items on each variable. Data was collected through pilot study, the researcher conducted content validity test on the research items. In addition, the items were reviewed by the faculty members who gave their feedback to the researcher before the actual data collection. To test for reliability, the researcher computed Cronbach's Alpha for every indicator. The findings of the pilot study were as presented in table 2.

3.6. Data Collection Procedure

Before data collection, the researcher sought a letter of introduction from the University that was used to seek permission from the universities. The questionnaires were administered by the researcher. The researcher gave respondents one week to fill the questionnaires after which they were collected for analysis.

3.7. Data Analysis and Presentation

Table 3. Supplier Quality Commitment and Procurement Performance.

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	.215	.395		.545	.588
1 Quality Commitment	.339	.108	.342	3.144	.003
Financial Capacity	.126	.114	.124	1.101	.046
Competence	.487	.112	.464	4.335	.000

a. Dependent Variable: Procurement Performance

Data collected using the questionnaire was analyzed through SPSS (Statistical Packages of Social Sciences) version 21. Data was coded for analysis. Descriptive statistics such as mean and standard deviation was used to describe indicators of supplier evaluation and procurement performance. Correlation analysis with one tailed significant test was used to test the correlation between individual indicators of supplier evaluation and procurement performance while a multiple regression was used to test the overall effect of supplier evaluation on procurement performance. ANOVA test was conducted to test the statistical significance of the overall effect of supplier evaluation on procurement performance. The study was based on the following multiple regression model;

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

Where; Y – Procurement Performance

β_0 - Constant

β_1 and β_2 - Regression coefficients

X_1 - Supplier Quality Commitment

X_2 - Supplier's Financial Stability

X_3 - Supplier Competence

ε - Error term

4. Research Findings

4.1. Reliability Test

The results of the reliability test were as presented in table 2

Table 2. Reliability Test.

Indicator	Cronbach's Alpha	No. of Items
Quality Commitment	0.804	9
Financial Stability	0.759	7
Supplier Competence	0.712	10
Procurement Performance	0.747	15

From table 2, the cronbach's alpha of; 0.804, 0.759, 0.712 and 0.747 for Quality Commitment, Financial Capacity, Supplier Competence and Procurement Performance were above the threshold value of 0.7. It was therefore concluded that the research instruments were reliable and hence could be used in the study.

4.2. Hypothesis Testing

Hypotheses testing were done using t-statistic. The results were as presented in table 3.

The first hypothesis of the study was;

H0₁: Supplier quality commitment has no significant effect on procurement performance of public universities campuses in Kericho County. From the findings in table 3, t=3.144 imply that supplier quality commitment has influence on procurement performance. Similarly, p=.003 (<0.05) indicate that the effect is statistically significant. The first null hypothesis was therefore rejected and alternative hypothesis accepted. It was concluded that supplier quality commitment has significant effect on procurement performance of Public Universities in Kercicho County.

The second hypothesis was stated as follows;

H0₂: Supplier financial stability has no significant effect on procurement performance of public universities campuses in Kericho County. The findings presented in table 3; t=1.101 imply that suppliers financial ability has some effect on procurement operational performance. Consequently, p=.046 (<0.05) implies that the effect is statistically significant. The second null hypothesis was therefore rejected and alternative hypothesis accepted. It was concluded that supplier’s financial ability has significant effect on procurement operational performance of Public Universities’ campuses in Kericho County.

Lastly, the third hypothesis of the study was stated as follows;

H0₃: Supplier Competency has no significance effect on procurement performance of campuses of public universities in Kericho County. From table 3, t=4.335 implies that supplier competence has some effect on procurement operational performance. Similarly, p=0.000 (<0.05) implies that the effect is statistically significant. The last null hypothesis was therefore rejected and alternative hypothesis accepted. Conclusion was made that supplier competence has significant effect on procurement operational performance of Public Universities in Kericho County.

Multiple Regression Model

Multiple regression analysis was conducted to establish the effect of supplier evaluation on procurement performance of public universities in Kericho County. The results were as presented in table 4, 5 and 6.

Table 4. Effects of Supplier Evaluation and Procurement Performance.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.813a	.661	.642	.32481

a. Predictors: (Constant), Quality Commitment, Financial Capacity, Supplier Competence

From table 4, the R-square = 0.661 implies that supplier competence, supplier’s quality commitment and supplier’s financial capability collectively explain up to 66.1% of procurement performance of Public Universities in Kericho County.

ANOVA test was conducted to test the significance of the influence of supplier evaluation on procurement performance. The results were as presented in table 5.

Table 5. ANOVA results.

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	11.098	3	3.699	35.064	.000a
	Residual	5.697	54	.105		
	Total	16.795	57			

a. Predictors: (Constant), Quality Commitment, Financial Capacity, Supplier Competence

b. Dependent Variable: Procurement Performance

P=0.000(<0.05) implies that the collective effect of supplier’s quality commitment, supplier’s financial capability and supplier competence is statistically significant.

Table 6. Table of Coefficients.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.215	.395		.545	.588
	Quality Commitment	.339	.108	.342	3.144	.003
	Financial Capacity	.126	.114	.124	1.101	.046
	Supplier Competence	.487	.112	.464	4.335	.000

a. Dependent Variable: Procurement Performance

Table 6 above presents the coefficients of supplier’s quality commitment, supplier’s financial capability and supplier competence. From the table, the regression model for the study is developed as shown below;

$$Y = 0.215 + .339X_1 + .126X_2 + .487X_3$$

Where; Y – Procurement Performance

X₁- Supplier Quality Commitment

X₂- Supplier’s Financial Capacity

X₃- Supplier Competence

5. Conclusions and Recommendations

The first conclusion was made that supplier quality commitment has significant effect on procurement performance of public universities campuses in Kercicho County. Suppliers’ level of quality commitment directly determines the level of quality in products and services obtained through procurement activities; product quality is just an aspect of procurement performance. In overall, achievement of product quality affects procurement performance though the effect is not significant. These findings agree with the findings of Kitheka et al (2013) that the effect of supplier quality commitment is significant for organizations with documented strategies of supplier evaluation. He pointed out that from supplier quality management, an organization may enjoy among other benefits reduced lead times, increased responsiveness to customers, orders and enquiries, customer loyalty, increased profitability, reduced opportunity cost from lost sales and effective communication between the organization suppliers as well as customers.

Secondly, it was concluded that supplier's financial ability has significant effect on procurement performance of public universities campuses in Kericho County. Suppliers' financial ability directly influences their ability to supply what the organization needs. However, the effect would be significant for organizations that deal with physical products. Aspuro (2015) points out that analysis suppliers' financial capacity protects manufacturing organizations from potential risks associated with a supplier and protects the organization from costs and financial risks. Suppliers are more likely to be committed or achieve improved performance, and have predictable deliveries and performance (Jack, 2011). For service organizations like the universities, there is positive effect though the effect is not statistically significant the effect is more or less the same though not statistically significant as revealed in this study.

The last conclusion was made that supplier competence has significant effect on procurement performance of public universities campuses in Kericho County. Supplier competence determines the understanding and satisfaction of buyer's needs that directly enhances meeting such needs. It is important that supplying professional have the required skills in supplier relationship management and negotiation so as to be in a position to give optimal value to buyers CIPS (2013)

The study recommends the following; Supplier selection should be done by experts who are knowledgeable and have expertise to conduct the exercise professionally. This is because supplier selection is a process vulnerable to personal and political interference especially in the public sector. Quality commitment must be considered a critical factor in supplier evaluation and supplier selection.

The performance management criteria should focus on suppliers' financial capacity as one of the criteria for supplier selection. This is because suppliers' financial capability directly influences the ability of the suppliers to meet organizational needs. There is need to communicated to all stakeholders who are directly involved in procurement operations on the need to consider financial capacity of suppliers.

The researcher recommends that supplier competence should be considered when awarding supply contracts. It should form the basis of awarding contracts. This is because the level of suppliers' competence determines the suppliers' ability to understand user needs and enhances their ability to satisfy supply needs of the procuring organizations.

The study suggests the following areas for further studies; A comparative study should be conducted to establish if there is difference in the effects of supplier evaluation on procurement performance between physical product organizations and service organizations.

Further studies may also be conducted to relate supplier evaluation and procurement performance in private universities in Kenya to establish whether there is any difference.

Lastly, further study may also be conducted on the application of seven progressive steps of supplier evaluation.

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