

**INFLUENCE OF STRATEGIC SOURCING PRACTICES ON PROCUREMENT
PERFORMANCE OF LAMU COUNTY GOVERNMENT IN KENYA**

SUSAN WAMBUI KAMAU

**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE AWARD OF MASTER OF SCIENCE DEGREE IN
PROCUREMENT AND SUPPLIES MANAGEMENT OF
MOUNT KENYA UNIVERSITY**

JUNE, 2024

DECLARATION AND APPROVAL

Declaration by Student

This research project is my original work and has not been presented for a degree in any other university.

Signature 

Date 4/7/2024

Susan Kamau

MPSM/2021/84435

Approval by Supervisor

This research project has been submitted for examination with my approval as university supervisor

Signature: 

Date 4/7/2024

Dr. Barasa Wamalwa, Ph.D, MKISM
Lecturer, Mount Kenya University

DEDICATION

I dedicate this study project to my entire family in appreciation for their help and encouragement throughout my coursework.



ACKNOWLEDGEMENT

I give thanks to God Almighty and acknowledge the invaluable advice, support, and tolerance that my mentor, Dr. Peter Wamalwa Barasa Ph.D., gave me during this study project. I sincerely thank my parents for their continuous encouragement and support, which have helped me get to this stage. May the Lord's blessings be upon their endeavors. I would want to express my gratitude to the entire MKU Mombasa campus community for creating a supportive learning environment.



ABSTRACT

It is commonly known how strategic sourcing affects a number of procurement performance factors. The development of long-lasting connections between suppliers and buyers, both of which have an impact on a company's overall performance, is made possible in large part by strategic sourcing. The purpose of this study was to investigate how strategic sourcing techniques affected the Kenyan county government of Lamu's procurement performance. Specific goals guided the study, such as determining how supplier development practices affect the Lamu County Government's procurement performance, examining the impact of e-sourcing techniques on procurement performance, examining the impact of financial evaluation techniques on procurement performance, and assessing the impact of outsourcing practices on Lamu County Government procurement performance. This study used a descriptive research design, which accurately describes the participants as the people who are taking part in the study. The target population consisted of the head of directorates, procurement officials, county chief officers, and pre-qualified suppliers of the Lamu County government, totalling two hundred and one (201) individuals. A stratified sampling technique was utilized in the study to choose a sample of fifty-two respondents. To explore the validity of the research tools, a pilot study was carried out with ten percent (10%) of the intended sample size. Utilizing structured questionnaires, data was gathered. Descriptive research design was utilized in this study, which appropriately characterizes the participants as the individuals involved in the investigation. Two hundred and one (201) people made up the target population, which included the head of directorates, procurement officials, county chief officers, and pre-qualified suppliers of the Lamu County government. In the study, a stratified sampling procedure was applied to choose a sample consisting of fifty-two respondents. Ten percent (10%) of the planned sample size was used in a pilot study to investigate the validity of the research instruments. Data was collected using structured questionnaires. Supplier development had a weak positive and significant contribution to procurement performance, e-sourcing had a weak positive significant contribution, financial evaluation had a strong positive contribution, and outsourcing had a moderate positive and significant contribution to procurement performance at Lamu County, according to the magnitude of the unstandardized regression coefficients. Based on the collected data, the study comes to the conclusion that strategic sourcing techniques have an impact on the procurement performance of the Lamu County Government in Kenya. Regarding the specific objective, the study concludes that financial evaluation has a strong positive contribution to procurement performance, supplier development has a weak positive and significant contribution, and outsourcing has a moderate positive and significant contribution to Lamu County's procurement performance.

Table of Contents

DECLARATION AND APPROVAL.....	Error! Bookmark not defined.
DEDICATION.....	ii
ACKNOWLEDGEMENT.....	iv
ABSTRACT.....	v
LIST OF TABLES.....	ix
LIST OF FIGURES.....	x
CHAPTER ONE.....	1
INTRODUCTION.....	1
1.1 Background of the Study.....	1
1.2 Concept of Strategic procurement sourcing practices in Kenya.....	7
1.3 Statement of the Problem.....	15
1.4 Purpose of the Study.....	15
1.5 Specific Objectives of the Study.....	16
1.6 Research Questions.....	16
1.7 Significance of the study.....	16
1.8 Scope of the Study.....	19
1.9 Limitations of the Study.....	19
1.10 Delimitations of the Study.....	21
1.11 Operational Definition of Key Terms.....	22
CHAPTER TWO.....	24
LITERATURE REVIEW.....	24
2.1 Introduction.....	24
2.2 Theoretical Framework.....	24
2.2.1 Balanced Scorecard Theory (BSC).....	24
2.2.2 Strategic Choice Theory.....	30
2.2.3 Financial Evaluation Practice Theory.....	37
2.2.4 Resource-Based View (RBV) theory.....	42
2.3 Conceptual framework.....	47
2.4 Empirical review.....	48
2.4.1 Influence of Supplier Development Practice on procurement Performance.....	49
2.4.2 Influence of E-sourcing Practice on Procurement Performance.....	52
2.4.3 Influence of Financial Evaluation Practice on Procurement Performance.....	55
2.4.4 Influence of Outsourcing Practice on Procurement Performance.....	56
2.5 Research Gap.....	58
CHAPTER THREE.....	63

RESEARCH METHODOLOGY	63
INTRODUCTION	63
3.1 Research Design	63
3.2 Target Population.....	63
3.3 Sample and Sampling Techniques	64
3.4 Data Collection Instruments	65
3.5. Pilot Testing	65
3.7 Validity and Reliability of the Research Instruments	66
3.7.1 Validity of the Research Instrument	66
3.7.2 Reliability of the Research Instrument	66
3.8 Data Collection Procedure	67
3.9 Data Analysis and Presentation	67
3.10 Ethical Considerations	68
CHAPTER FOUR	69
RESEARCH FINDINGS AND DISCUSSION	69
INTRODUCTION	69
4.1 Response Rate	69
4.2 Validity and Reliability results	70
4.3.1 Validity Results	70
4.3.2 Reliability Results	70
4.4 Demographic Analysis	71
4.4.1 Gender	71
4.4.2 Age of Respondent	72
4.4.3 Level of Education	73
4.4.4 Period Worked in Procurement	74
4.5 Inferential Statistics	74
4.5.1 Supplier Development	74
4.5.2 E-Sourcing Practice	76
4.5.3 Financial Evaluation Practice	77
4.5.4 Outsourcing Practice	79
4.5.5 Procurement Performance	81
4.6 Correlational Analysis	82
4.7 Regression Analysis	84
4.7.1 Model Summary	84
4.7.2 Analysis of Variance (ANOVA)	85
4.7.3 Multiple linear Regression	86

CHAPTER FIVE	88
SUMMARY, CONCLUSION AND RECOMMENDATIONS	88
INTRODUCTION.....	88
5.1 Summary.....	88
5.2 Conclusions	89
5.3 Recommendations	90
5.3.1 Supplier Development	90
5.3.2. E-Sourcing Practice	90
5.3.3. Financial Evaluation Practice	91
5.3.4 Outsourcing Practice	91
5.4 Suggestions for Further Studies.....	92
REFERENCES.....	93
APPENDICES.....	101
APPENDIX I: INTRODUCTION LETTER.....	101
APPENDIX II: QUESTIONNAIRE.....	102
Appendix III : University Introduction Letter.....	108
Appendix IV : MKU Ethical Clearance certificate.....	109
Appendix V: NACOSTI Permit.....	110
Appendix VI: Authorization to Data Collection	111
Appendix VII : Originality Report.....	112

LIST OF TABLES

Table 1: Target Population	63
Table 2: Sample Size	65
Table 3: Response Rate	69
Table 4: Reliability Results	70
Table 5: Gender Distribution	71
Table 6: Age Distribution	72
Table 7: Level of Education	73
Table 8: Period Worked in Procurement	74
Table 9: Supplier Development	74
Table 10 : E-Sourcing Practice	76
Table 11 : Financial Evaluation Practice	78
Table 12: Outsourcing Practice	79
Table 13: Procurement Performance	82
Table 14 : Correlational Results	83
Table 15 : Model Summary	85
Table 16: Analysis of Variance	85
Table 17: Regression Co-efficient	86

LIST OF FIGURES

Conceptual Framework	48
----------------------------	----



LIST OF ABBREVIATIONS AND ACRONYMS

BSC	Balanced Score Card
CIPS	Chartered Institute of Purchasing and Supply
CRM	Customer Relationship Management
EPC	Engineering-Procure-Construction
ERP	Enterprise Resource Planning
ICT	Information Communication Technology
IT	Information Technology
NACOSTI	National Commission for Science, Technology and Innovation
PSM	Purchasing and supply management
RFID	Radio Frequency Identification
SC	Supply Chain
SCM	Supply Chain Management
SPSS	Statistical Packages for Social Science
SRM	Supply Relationship Management
UNEP	United Nations Environmental Progra

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Globally, governments are increasingly focusing on enhancing procurement performance through strategic sourcing practices. Strategic sourcing involves a systematic approach to procurement that aims to achieve cost savings, improve supplier relationships, and mitigate risks (World Bank, 2020). Countries around the world, including the United States and various European nations, have adopted strategic sourcing frameworks to streamline procurement processes and ensure compliance with regulatory standards (OECD, 2019).

Global adoption of strategic sourcing has shown to have major positive effects on public sector procurement efficiency, accountability, and transparency.

By leveraging economies of scale, standardizing procurement practices, and fostering competition among suppliers, governments can achieve better procurement outcomes and optimize the use of public funds (UNDP, 2022).

In regions like Lamu County, Kenya, strategic sourcing practices have a profound impact on procurement performance tailored to local challenges and needs. The county government faces specific challenges such as budget constraints, diverse supplier landscapes, and the need for effective resource allocation (Lamu County Government, 2021). Strategic sourcing initiatives in Lamu County focus on optimizing procurement processes, improving supplier selection criteria, and negotiating competitive prices to achieve value for money and enhance service delivery efficiency.

By implementing strategic sourcing frameworks, Lamu County enhances governance, reduces corruption risks, and promotes local economic development through engagement with local suppliers (Kenya National Bureau of Statistics, 2020). This approach ensures that procurement decisions are transparent, fair, and aligned with regional socio-economic goals, ultimately benefiting local communities.

At the local level in Lamu County, Kenya, strategic sourcing significantly influences procurement performance, directly impacting service delivery and community welfare. The county government's adoption of strategic sourcing practices facilitates effective vendor management, competitive bidding processes, and performance-based contracting (Lamu County Procurement Office, 2021). These initiatives streamline procurement operations, reduce cycle times, and optimize expenditure, maximizing the impact of public funds on local development initiatives.

Strategic sourcing enhances efficiency and fosters accountability and transparency in procurement decisions, crucial for building trust among stakeholders and ensuring sustainable socio-economic development (UNDP, 2022). By aligning procurement strategies with local needs and regulatory requirements, Lamu County strengthens its capacity to deliver essential services effectively and support the well-being of its residents.

Within the present economic landscape, there has been a growing recognition of the strategic significance of the sourcing function in the broader framework of supply chain management. This recognition holds true in both practical and theoretical realms (Anderson & Katz, 2018). According to Johnson and Whang (2020), strategic sourcing is defined as a comprehensive undertaking that encompasses the acquisition of organizational requirements and the management of supplier relationships, all aimed at

fulfilling long-term objectives. Alongside strategic sourcing, Carr and Smeltzer, (2019) have indicated the rapid development of ICT to have influenced the strategic position of sourcing. In order to achieve the procurement function's strategic objectives, Narasimhan and Das (2019) define strategic sourcing as the use of supplier competencies during the design and production phases.

Sislian and Satir (2018) have conceptualized strategic sourcing as a framework that aids managers in making purchasing decisions, with a primary focus on competitive advantage. Strategic sourcing is defined by Fredriksson and Jonsson (2019) as a procurement framework that takes into account the whole cost of ownership, enabling value creation and strengthening enterprises' competitive positions. Humphreys, Lo, and Mcivor (2020) have emphasized the significance of supplier selection and development. Kocabasoglu and Suresh (2018) have identified various dimensions of strategic sourcing, which encompass internal coordination, information sharing, training, cost management, and supplier development.

Procurement function in the current economy has been acknowledged as a crucial factor contributing to the success of an organization. Monczka, Trent and Handfield, (2020) attributed that strategic sourcing have helped firms meet challenges of an ever-increasing dynamism in procurement function. Kocabasoglu and Suresh, (2016) have described strategic sourcing to a process directing all sourcing activities of the organization for achieving its long-term procurement goal. Similarly, the concept of strategic sourcing has been viewed by Williamson, (2018) to be a classical corporate management for acquiring key competencies for an organization. Due to the strategic perspective that many organizations have adopted towards outsourcing, there remains a lack of consensus regarding the crucial elements that impact strategic outsourcing endeavours (Carr & Pearson, 2020).

According to theoretical literature, strategic sourcing is linked to conventional corporate procurement and coordination management, which strives to accomplish organizational objectives (Williamson, 2018).

The concept of strategic outsourcing, as highlighted by Redlein and Zobl (2020), is seen as an economic consideration that emphasizes long-term benefits and risks. With organizations gaining more experience in outsourcing purchasing activities, the strategic perspective is gaining importance. This is evident in the development of the ISO standard (2016), initially intended to update a European guideline on strategic sourcing.

In numerous countries, the utilization of outsourcing and its impact on procurement performance has been progressively rising in recent decades. Consequently, various models have emerged, including the market maturity model, which assesses the level of outsourcing as the key determinant of maturity and has been employed to evaluate procurement performance in several European nations (Teichmann, 2020). A study by Van-der, (2018) in Netherlands has indicated the application of strategic sourcing to influence procurement performance in state corporations. Research on the capabilities of outsourcing has indicated that despite the financial crisis, the extent of outsourcing has witnessed a slight growth, with an increase from 63 percent in 2018 to 64 percent in 2019, despite a marginal decline in the overall turnover of organizations (Ikediashi, Ogunlana & Boateng, 2020).

According to a survey by Cap Gemini (2018) in Denmark, Finland, Iceland, Norway, and Sweden, outsourcing became the most popular procurement technique in the Nordic region of Europe and had the fastest pace of market growth.

Furthermore, there is a notable inclination among multinational corporations to engage in cross-border outsourcing agreements with global financial service providers (Jensen, 2020). Plane and Green (2019) observed a transition in the United States. The realm aims to

embrace relational procurement practices for the assignment of contracts. Their interviews conducted through surveys with purchasers and vendors validated the idea that adopting a relational procurement approach improves transparency regarding service needs and encourages cultural alignment between the buyer and seller. Nevertheless, this approach also necessitates extra time, energy, and costs.

Concerns have also been raised about the level of maturity of the supplier market and the veracity of the client's dedication to fostering cooperation. Increased data management in outsourcing contracts can be a major motivator for customers to make investments, according to research on the integration of information and communication technology (ICT) in the supply chain (Scupola, 2017).

Redlein and Zobl (2020) performed a statistical evaluation of outsourcing using nationwide surveys carried out in South Africa. According to their results, the facility services most frequently contracted out included janitorial services, seasonal maintenance, HVAC systems, and outdoor area upkeep. It was discovered that most client companies worked with three to ten outside service suppliers. Businesses that used three to ten external service providers showed higher yearly cost savings than those who used one or more providers. However, there is only a marginal correlation between the quantity of outside service providers, the degree of outsourcing, and the yearly savings.

While organizations may opt for outsourcing primarily due to cost considerations, there is no guarantee that the anticipated savings will be realized. Tsuma (2021) conducted research in Nigeria, specifically focusing on commercial banks, to examine the determinants influencing outsourcing decisions for services. Through a structured questionnaire survey, they investigated 25 criteria and identified 14 significant factors that explain the rationale behind outsourcing. The most critical factor was found to be "improving the company's focus," followed by "enhancing cost transparency" and

"enhancing stakeholder satisfaction." In another study conducted by Lok and Baldry (2015) in Zimbabwe, they explored outsourcing relationships in higher educational institutions. They made use of the FORT framework, which was created initially for the IT sector and distinguishes four main kinds of relationships: in-house, technical expertise, service commitment, and shared objectives.

Okoth (2020) conducted a study on outsourcing as a result of partnership-based collaboration between public organizations and service providers. Kamau and Scholastica (2019) put forth a viewpoint that perceives strategic outsourcing as a continuum, rather than a binary decision between making or buying, drawing inspiration from Oliver's influential research on Transaction Cost Economics (2016). Willis (2018) recommends the utilization of "hybrid" contracts that combine market-based transactional elements with hierarchical provisions for intricate agreements. Seven sourcing business models are introduced by Vitasek (2016). These models comprise three relationship models (preferred provider model, performance-based/managed services model, vested business model) and two investment types (shared services model, equity partnership). The approved provider model, the basic provider model, and the third transactional model are these.

.Gaita (2018) explored the choice between various sourcing options and highlighted that strategic sourcing involves optimizing core business functions, both in-house and within the supply chain, to deliver maximum value based on cost, quality, and efficiency. Right sourcing, on the other hand, entails identifying the most suitable team to perform a task more effectively, efficiently, and at an appropriate cost.

Lamu County, one of Kenya's six coastal counties, is located on the north coast of the nation. Its borders are shared by the Indian Ocean to the south, Tana River County to the southwest, Garissa County to the north, and the Republic of Somalia to the northeast.

The procurement process at Lamu Government is guided by number of regulations such as PPADA (2015) and the Public Procurement Regulations (2020). Considering that public procurement plays a vital role in achieving national policy objectives related to economic devolution reforms, Lamu County's implementation of strategic sourcing entails various components. These include the formulation of procurement plans, selection of appropriate procurement strategies, pre-qualification of suppliers, adherence to due process, enhancing staff capacity, and effective inventory management. These measures are aimed at ensuring that the county achieves value for money in its procurement activities while aligning with its overall objectives.

1.2 Concept of Strategic procurement sourcing practices in Kenya

Kenya's devolved system of governance, introduced by the 2010 Constitution, aimed to bring services closer to the people and foster local development. However, the effective delivery of services within Kenyan counties hinges significantly on efficient procurement processes (Rafati and Poels,2015). This essay explores the challenges facing procurement in Kenyan counties and examines how the adoption of strategic sourcing practices can enhance procurement performance, ultimately contributing to improved service delivery and socio-economic development. Kenyan counties encounter numerous challenges in their procurement endeavours, hindering efficiency and transparency. Firstly, limited capacity, both in terms of human resources and finances, often leads to delays, inefficiencies, and non-compliance with procurement regulations (Brum and Cardona, 2016).

Procurement serves as the backbone of operations for organizations across various sectors in Kenya, including government entities, private companies, NGOs, and international organizations (Rimkūnienė,2013).. With the aim of optimizing procurement processes and fostering sustainable growth, strategic sourcing practices have gained significant

traction within the Kenyan procurement landscape. This essay will delve into the intricacies of strategic sourcing within the Kenyan context, exploring its significance, key principles, challenges, and potential benefits for organizations and the broader economy.

Many counties lack the necessary skilled personnel and budgetary allocations to execute procurement functions effectively, resulting in procurement processes that are slow and prone to errors. Moreover, corruption remains a significant concern, with reports of malpractice such as bribery, kickbacks, and tender manipulation undermining the integrity of procurement processes. Corruption not only distorts market dynamics but also results in substandard goods and inflated prices, ultimately affecting service delivery and eroding public trust. Additionally, inadequate infrastructure poses logistical challenges in procuring and distributing goods across counties. Poor roads, storage facilities, and communication networks hinder the timely and cost-effective movement of goods, leading to delays and increased costs in procurement operations. Furthermore, inconsistencies and gaps in procurement policies and regulations at the county level contribute to confusion and ambiguity in procurement processes (Yildiz and Çankaya, 2020). Counties may lack standardized procedures and guidelines, leading to variations in procurement practices and outcomes. In response to these challenges, strategic sourcing practices offer a holistic framework for counties to enhance procurement performance and address underlying issues proactively. Supplier relationship management emerges as a cornerstone of strategic sourcing, emphasizing the cultivation of long-term partnerships based on trust and collaboration. By engaging with suppliers to understand their capabilities, negotiate favorable terms, and jointly develop innovative solutions, counties can enhance procurement efficiency and reliability. Technology adoption also plays a crucial role in streamlining procurement processes and enhancing transparency. E-procurement platforms, electronic bidding systems, and procurement

management software enable counties to automate routine tasks, track procurement activities in real-time, and facilitate communication with suppliers and stakeholders. Robust risk management strategies are essential to identify, assess, and mitigate risks throughout the procurement lifecycle (Weigel 2017). Counties should conduct risk assessments, develop contingency plans, and establish monitoring mechanisms to address potential disruptions such as supply chain delays, price fluctuations, and legal challenges. Moreover, capacity building initiatives are pivotal in equipping procurement professionals with the skills and knowledge needed to implement strategic sourcing strategies effectively. Training programs on procurement regulations, best practices, and ethical standards ensure compliance and professionalism in procurement operations. Furthermore, promoting transparency and accountability in procurement processes is crucial to prevent corruption and build public trust. Counties should adhere to procurement laws and regulations, publish procurement information, and engage citizens and civil society organizations in monitoring procurement activities (Russell & Thukral, 2003). The experience of Lamu County serves as a compelling case study demonstrating the transformative impact of strategic sourcing practices. Located in southern Kenya, Lamu County has made significant strides in improving procurement performance through strategic sourcing initiatives. Recognizing the importance of capacity building, the county government prioritized training programs for procurement staff, equipping them with the skills and knowledge needed to implement strategic sourcing strategies effectively. Additionally, Lamu County invested in technology solutions, including an e-procurement platform, to streamline procurement processes and enhance transparency. By fostering collaboration with suppliers and promoting ethical conduct, Lamu County has achieved cost savings, reduced procurement lead times, and enhanced service delivery across various sectors. The county's commitment to transparency and accountability has not only prevented corruption but also built public trust, ensuring that

procurement processes are conducted with integrity and fairness. Strategic sourcing practices present a viable solution to the challenges facing procurement in Kenyan counties. By embracing principles such as supplier relationship management, technology adoption, risk management, capacity building, and transparency, counties can enhance procurement efficiency and drive local development. The experience of Lamu County underscores the tangible benefits of strategic sourcing in optimizing resource utilization and improving service delivery outcomes. Moving forward, concerted efforts from county governments, stakeholders, and development partners are essential to mainstream strategic sourcing practices and unlock the full potential of procurement in advancing Kenya's devolution agenda (Renson, 2015). By addressing the challenges and inefficiencies plaguing procurement processes, Kenyan counties can pave the way for sustainable development and inclusive growth across the country.

In a dynamic and competitive business environment, the significance of strategic sourcing cannot be overstated. Procurement professionals in Kenya increasingly recognize strategic sourcing practices as fundamental tools for aligning procurement activities with organizational objectives, enhancing efficiency, and maximizing value for money. By adopting strategic sourcing principles, organizations can optimize their procurement processes, minimize costs, mitigate risks, and cultivate robust supplier relationships conducive to mutual growth. Moreover, strategic sourcing enables organizations to make informed decisions, enhance decision-making processes, and drive sustainable value creation, ultimately contributing to organizational success and socio-economic development. Strategic sourcing entails a holistic and methodical approach to procurement that transcends traditional cost-cutting measures. Several key principles underpin strategic sourcing practices: Supplier Relationship Management. At the core of strategic sourcing lies the cultivation and management of strong relationships with

suppliers (Schiele, 2019). Training programs focused on procurement regulations, best practices, and ethical standards play a pivotal role in ensuring adherence to compliance and professionalism within procurement operations. Moreover, the emphasis on transparency and accountability in procurement processes is essential for thwarting corruption and fostering public trust. Counties must comply with procurement laws and regulations, disclose procurement information, and involve citizens and civil society organizations in overseeing procurement activities.

The experience of Lamu County stands as a compelling example showcasing the transformative effects of strategic sourcing practices. Situated in southern Kenya, Lamu County has made remarkable progress in enhancing procurement performance through strategic sourcing initiatives. Recognizing the significance of capacity building, the county government has prioritized training programs for procurement personnel, empowering them with the requisite skills and knowledge to effectively implement strategic sourcing strategies. Additionally, Lamu County has invested in technological solutions, such as an e-procurement platform, to streamline procurement processes and bolster transparency.

Through fostering collaboration with suppliers and promoting ethical behavior, Lamu County has realized cost savings, reduced procurement lead times, and elevated service delivery across diverse sectors. The county's unwavering commitment to transparency and accountability has not only deterred corruption but also instilled public confidence, ensuring that procurement procedures are conducted with integrity and impartiality. Strategic sourcing practices offer a feasible solution to the procurement challenges encountered by Kenyan counties. . In Kenya, organizations can achieve this by fostering transparent communication, understanding suppliers' capabilities, and establishing collaborative partnerships built on trust, integrity, and shared objectives. By nurturing

robust supplier relationships, organizations can unlock opportunities for innovation, quality improvement, and mutual value creation, thereby driving long-term success and sustainability. Total Cost of Ownership (TCO) Analysis, Strategic sourcing emphasizes the importance of considering the total cost of acquiring, utilizing, and maintaining goods and services over their entire lifecycle. TCO analysis enables organizations to make comprehensive procurement decisions, taking into account factors such as quality, reliability, and long-term support costs. By conducting thorough TCO analyses, organizations in Kenya can identify cost-saving opportunities, optimize procurement outcomes, and maximize value for money. Risk Management, Effective risk management is paramount in strategic sourcing endeavours. Organizations in Kenya must proactively identify, assess, and manage various risks associated with procurement activities, including supply chain disruptions, geopolitical instabilities, and regulatory changes. By implementing robust risk management strategies, organizations can safeguard against potential threats, ensure business continuity, and enhance resilience in the face of uncertainties.

Market Analysis and Supplier Segmentation, Strategic sourcing commences with a meticulous analysis of the market landscape and supplier capabilities. By segmenting suppliers based on performance, reliability, and strategic relevance, organizations can tailor their sourcing strategies to specific supplier categories, thereby optimizing procurement outcomes and maximizing value. Additionally, market research helps businesses keep up with new developments in technology, business trends, and competitive landscapes. This helps businesses make strategic procurement choices that lead to business success (Manojlov, 2014).

Limited Awareness and Understanding with Many organizations in Kenya may lack awareness of the benefits of strategic sourcing or possess a limited understanding of its

principles and methodologies. Educating stakeholders about strategic sourcing and building internal capabilities are imperative for overcoming this hurdle and fostering a culture of strategic procurement within organizations. Regulatory and Policy Constraints: Kenya's procurement landscape is governed by numerous regulations and policies, posing challenges for the implementation of strategic sourcing practices (Jia, 2017). Organizations must navigate complex procurement frameworks while ensuring compliance with legal requirements and ethical standards. Addressing regulatory and policy constraints is essential for enabling organizations to fully leverage the benefits of strategic sourcing and drive sustainable value creation. Capacity and Skills Shortages: The shortage of skilled procurement professionals and limited organizational capacity can impede the effective implementation of strategic sourcing initiatives. Investments in training and development programs are essential for equipping procurement teams with the requisite skills and capabilities to successfully execute strategic sourcing strategies and drive organizational success. Supplier Diversity and Localization, Promoting supplier diversity and localization presents challenges in the Kenyan context, where dependence on a few dominant suppliers or international vendors may prevail. Encouraging the growth of local suppliers and supporting small and medium enterprises (SMEs) is crucial for bolstering supply chain resilience, driving economic growth, and fostering inclusive development within the Kenyan economy. Cost Savings and Efficiency Gains strategic sourcing enables organizations to identify cost-saving opportunities, negotiate favourable terms with suppliers, and streamline procurement processes, thereby enhancing efficiency and cost-effectiveness. By optimizing procurement outcomes, organizations can allocate resources more effectively and drive sustainable growth. Enhanced Supplier Relationships Prioritizing collaboration and communication with suppliers facilitates the development of stronger, more strategic relationships that drive innovation, quality enhancement, and mutual value creation. By nurturing robust supplier relationships,

organizations can unlock opportunities for innovation, drive operational excellence, and achieve competitive advantage in the marketplace (Talluri,& Narasimhan, 2004)..

Risk Mitigation and Resilience strategic sourcing empowers organizations to proactively identify and mitigate risks, ensuring supply chain resilience and business continuity in the face of disruptions. By implementing robust risk management strategies, organizations can safeguard against potential threats, protect their interests, and maintain operational stability, thereby enhancing resilience and sustainability in an ever-changing business environment. Socio-Economic Development supporting local suppliers and fostering supplier diversity contribute to economic empowerment, job creation, and inclusive growth within the Kenyan economy. By promoting local procurement and supporting SMEs, organizations can stimulate economic activity, create employment opportunities, and foster community development, thereby driving socio-economic progress and prosperity (Reed, 2005).

Strategic sourcing practices hold immense potential for optimizing procurement processes and driving sustainable development in Kenya. By embracing principles such as supplier relationship management, total cost of ownership analysis, risk management, and market segmentation, organizations can enhance procurement efficiency, mitigate risks, and foster economic growth. Despite the challenges associated with implementation, the potential benefits of strategic sourcing make it a valuable strategy for organizations operating in the Kenyan procurement landscape. Moving forward, concerted efforts to raise awareness, build capabilities, and address regulatory constraints are imperative for realizing the full potential of strategic sourcing in Kenya's procurement fields and driving sustainable value creation for organizations and the broader economy.

1.2 Statement of the Problem

On a global scale, the strategic sourcing process has undergone significant technological advancements through the adoption of e-sourcing technologies. In addition to compliance rate, order cycle time, price variation, order coverage, supplier availability, inventory reduction, and the development of strong networks between buyers and suppliers, these technologies provide many more benefits for the assessment of performance procurement (Min & Galle, 2019). Johnson and Whang (2020) divided strategic sourcing, which includes e-sourcing technology, into three groups: procurement, cooperation, and e-commerce. In the context of procurement performance review, Kate (2019) introduced the concept of vested outsourcing, which emphasizes outcome- and partnership-based involvement between customers and suppliers. This tactic is attracting a lot of interest.

Furthermore, Vitasek (2016) proposes that procurement performance should perceive sourcing as a continuum instead of oversimplifying it as a choice between market-based make-versus-buy decisions.

Over the years, there have been substantial reforms in public procurement in Kenya from 1960 to the present day. These reforms have been facilitated through the implementation of significant legislations, regulations, and policies. Nonetheless, a lack of strategic orientation in procurement plans, strategic objectives, and adherence to current policies has drawn extensive criticism from the public and development partners.

Ventovuori (2017) asserts that sourcing strategy that include sourcing interface, scope of service package and relationship building as the key factors for effective sourcing. While earlier studies have looked into the relationship between strategic sourcing and procurement success across a range of sectors, there aren't many in-depth analyses on how strategic sourcing techniques affect procurement performance in devolved governments in particular. Thus, the purpose of this study was to fill the research gap by

examining the effects of strategic sourcing strategies on procurement performance in decentralized government settings.

1.4 Purpose of the Study

This research study's primary goal was to evaluate how strategic sourcing techniques affected the Kenyan government of Lamu County's procurement performance.

1.5 Specific Objectives of the Study

- I. To ascertain how supplier development practices affect Lamu County Government procurement performance.
- II. To ascertain how Lamu County Government's procurement performance is impacted by e-sourcing practices.
- III. To examine how the Lamu County Government's procurement performance is impacted by Financial Evaluation Practices.
- IV. To assess how outsourcing practices affect the Lamu County Government's procurement performance.

1.6 Research Questions

- I. How does the Lamu County Government in Kenya's procurement performance get affected by supplier development practices?
- II. How does the Kenyan Lamu County Government's procurement performance get affected by e-sourcing practices?
- III. How does the Financial Evaluation practice affect the Kenyan Lamu County Government's procurement performance?
- IV. How has outsourcing affected the Kenyan county government of Lamu's procurement performance?

1.7 Significance of the study

Strategic sourcing, a crucial procurement approach, has often been overlooked within the County Governments of Kenya. Despite its potential for long-term organizational gain, successful strategic sourcing requires a harmonious integration of both supplier relationships and internal capabilities. This research study holds significant implications, particularly for governmental bodies and procurement entities within Kenya.

The insights gleaned from this study can serve as a valuable resource for the Government, particularly the Ministry of Finance, in informing and shaping acquisition practices within state agencies. By leveraging the findings, policymakers can refine existing procurement strategies and introduce measures to enhance efficiency and effectiveness in procurement processes. Additionally, collaborative efforts between the Government, the Ministry of Policies targeted at maximizing sourcing strategies could be formulated as a result of devolution and the Kenya Institute of Supplies Management (KISM), with suggestions sent to the national parliament for review and eventual adoption.

Beyond governmental applications, the research findings also hold relevance for academic and research pursuits. In the realm of higher education, where the pursuit of knowledge is paramount, this study provides a foundational framework for understanding and embracing the nuances of strategic sourcing. Academic institutions can utilize the insights generated to enrich their curricula, incorporating real-world examples and best practices in procurement and supply chain management. Moreover, future researchers in the field of managerial studies can draw upon the findings of this study as a springboard for their own investigations, contributing to the ongoing discourse surrounding strategic sourcing practices and their impact on organizational performance.

By bridging the gap between theory and practice, this research study lays the groundwork for fostering a culture of innovation and continuous improvement within procurement processes. Its implications extend far beyond the confines of academia, permeating into the realm of policymaking and organizational strategy. As Kenya's County Governments continue to evolve and adapt to changing socio-economic landscapes, embracing strategic sourcing principles will be paramount in driving sustainable growth, fostering collaboration with suppliers, and maximizing value for stakeholders.

Moving forward, it is imperative that stakeholders across government, academia, and industry collaborate to harness the full potential of strategic sourcing. Organizations can steer towards procurement excellence and improve efficiency, accountability, and openness in public sector procurement operations by utilizing the research study's insights.

As the landscape of procurement continues to evolve, initiatives rooted in strategic sourcing principles will play a pivotal role in shaping the future trajectory of procurement within Kenya's County Governments and beyond.

1.8 Scope of the Study

In this particular context, the study project sought to ascertain how strategic sourcing affected Kenyan county governments' procurement performance, specifically focusing on the Lamu County Government. The study evaluated how the Kenyan Lamu County Government's procurement performance was affected by supplier development, e-sourcing, financial evaluation, and outsourcing practices.

The focus of the study was on workers for the Lamu County Government, which is situated on Kenya's northern coast. One of Kenya's six coastal counties, Lamu is bordered to the southwest by Tana River County, to the north by Garissa County, to the northeast by the Republic of Somalia, and to the south by the Indian Ocean. From July to October of 2023, the study was specifically conducted on Lamu County government property.

1.9 Limitations of the Study

The research initiated a study on three key variables: strategic sourcing practices, procurement performance, and contextual factors influencing procurement performance within the Lamu County Government. However, other variables might influence procurement performance that were not accounted for due to time constraints and limited prior knowledge of these factors. This limitation is justified by the necessity to focus on the most significant variables within the available timeframe. Nonetheless, these three variables provide a foundational understanding to guide future research that can incorporate additional factors to mitigate this limitation. Scope of Variables: The study focused on strategic sourcing practices and their direct influence on procurement performance. Other influencing factors such as organizational culture, external economic

conditions, and political influences were not considered. This narrow focus might overlook other significant variables that impact procurement performance. To offer a more thorough knowledge of the elements influencing procurement performance, future study should examine these further variables.

Data Collection Constraints: Due to logistical challenges in accessing various stakeholders within Lamu County, the study relied heavily on available secondary data and a limited number of primary data sources. This reliance on secondary data may have affected the comprehensiveness and depth of the findings. The limited primary data sources could result in biased or incomplete insights. Addressing these constraints in future research through extensive fieldwork and broader data collection methods would enhance the robustness of the findings. **Geographical Focus:** While the study centered on Lamu County, its findings might not be fully generalizable to other counties with different socio-economic and infrastructural contexts. The unique characteristics of Lamu County, such as its geographical isolation and infrastructural limitations, may not reflect the conditions in other regions. Comparative studies involving multiple counties could provide more generalized insights and identify region-specific factors that influence procurement performance. **Time Restrictions:** Because of the study's time constraints, it was not possible to perform longitudinal studies to track changes over time or analyze the data in great detail.

Longitudinal studies are essential to understand the dynamic nature of strategic sourcing practices and their long-term impact on procurement performance. Future research should consider extending the study period to capture temporal variations and trends. **Resource Limitations:** Financial and human resources available for the study were limited, impacting the scale and depth of the research. These limitations constrained the ability to conduct a more extensive and detailed investigation. Future studies with more substantial

funding and resources could explore the topic more extensively, providing deeper insights and addressing the limitations of this study.

1.10 Delimitations of the Study

The physical and infrastructural limitations of Lamu County made it difficult to study the impact of strategic sourcing strategies on procurement performance. The expansive nature of the county made resource mobilization for comprehensive research difficult. Additionally, being a public sector entity, obtaining necessary permissions and clearances from top management was rigorous and time-consuming, as it required justification for the research's necessity and assurance of maintaining the county government's reputation and confidentiality.

Geographical Scope: The study was delimited to Lamu County, focusing on its unique procurement environment. While this provides in-depth insights specific to the county, it excludes other regions which might have different procurement dynamics. This geographical focus was chosen to address the specific challenges and regulatory frameworks within Lamu County. Future research could expand the geographical scope to include comparative analyses with other counties.

Focus on Strategic Sourcing: The research specifically examined strategic sourcing practices, delimiting other aspects of procurement like supplier relationship management and inventory control. This focus was chosen to provide a detailed understanding of strategic sourcing's impact. However, other procurement aspects also significantly influence performance and should be included in future studies for a more holistic view.

Public Sector Focus: The study concentrated on public procurement within the Lamu County Government, excluding private sector procurement practices. This delimitation was essential to address the specific challenges and regulatory frameworks of public sector procurement. While this focus provided valuable insights into public procurement, including private sector practices in future

research could offer comparative perspectives and broader applicability. Time Frame: The study was conducted within a defined period, focusing on current procurement practices and performance. Historical data was not extensively analyzed, delimiting the temporal scope to contemporary practices. Examining historical trends and practices could provide a more comprehensive understanding of procurement performance over time. Future research should consider incorporating historical analyses to capture temporal variations. Stakeholder Engagement: The study involved a selected number of stakeholders within Lamu County's procurement process due to accessibility and availability constraints. Broader stakeholder engagement might provide more comprehensive insights but was beyond the scope of this research. Including a wider range of stakeholders, such as suppliers, contractors, and community representatives, in future research would enhance the validity and reliability of the findings.

1.11 Operational Definition of Key Terms

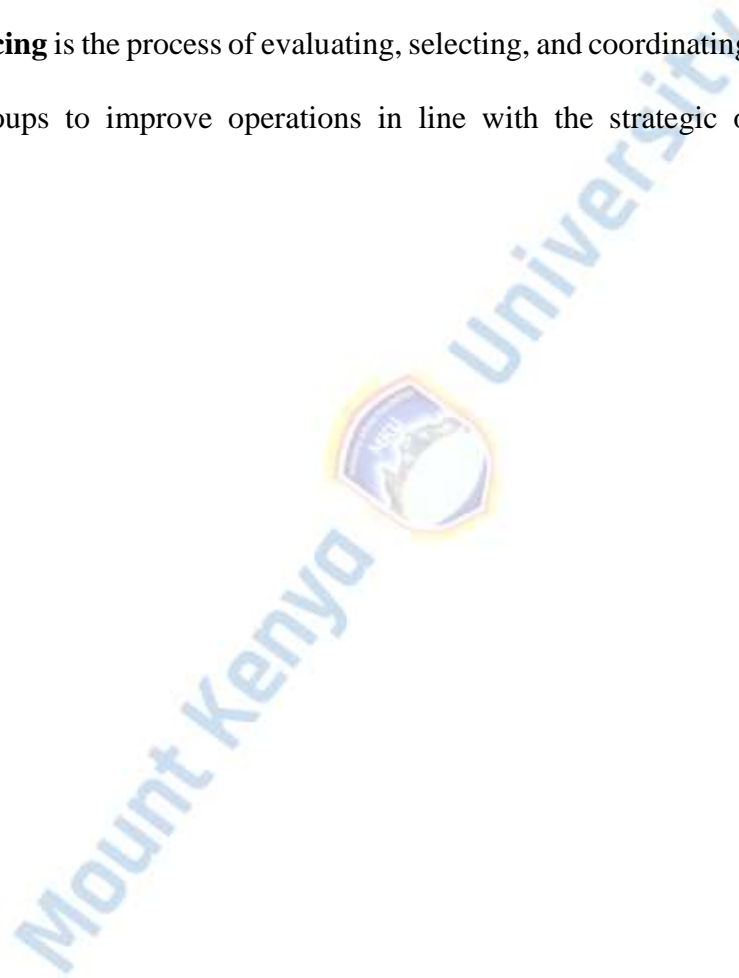
IT strategy: IT infrastructure and the Internet have given rise to tools that facilitate integration beyond the boundaries of an organization, extending the capabilities of processes and management to the wider trading community. E-Procurement plays a pivotal role in decentralizing sourcing decisions within the organization, enabling requisitions to be efficiently managed and reducing transaction costs.

Outsourcing Strategy: Organizations prioritize the enhancement and development of their distinctive capabilities. To concentrate on their core competencies, companies opt to outsource non-core and non-critical functions to entities that possess established expertise in these areas. This strategic move strengthens the overall power and capabilities across the value chain.

Procurement Performance: It refers to the proportion of the overall expenditures of an enterprise (encompassing direct, indirect, and service-related expenses) that is under the management or influence of the procurement organization.

Sourcing: This entails evaluating potential, internal supply chain, and supply market, formulating a sourcing strategy, executing the sourcing strategy, and institutionalizing the strategy.

Strategic sourcing is the process of evaluating, selecting, and coordinating with suppliers or supplier groups to improve operations in line with the strategic objectives of a company.



CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The conceptual framework, empirical and theoretical reviews, and gaps in the existing corpus of research were outlined in this section of the article.

2.2 Theoretical Framework

This research was theoretically embedded on Balanced Scorecard (BSC) and strategic choice theories.

2.2.1 Balanced Scorecard Theory (BSC)

One paradigm for strategic management that can be used for a variety of organizational tasks, including procurement, is the Balanced Scorecard (BSC) theory.

The BSC offers a comprehensive method of evaluating and controlling performance by taking into account factors other than financial indicators. When it comes to procurement, the BSC theory assists companies in coordinating their efforts with their strategic goals and monitoring outcomes from many angles.

The Balanced Scorecard (BSC) theory is built on a set of principles that guide its application in measuring and managing performance across different dimensions. Key principles of the Balanced Scorecard theory are that BSC theory advocates for considering multiple perspectives beyond just financial indicators to assess organizational performance (Kaplan & Norton, 1992). This principle acknowledges the significance of maintaining a balance between financial metrics and other crucial aspects, including customer satisfaction, internal processes, and learning and development.

The BSC theory emphasizes aligning performance measures with the organization's strategic objectives (Kaplan & Norton, 1996). Performance measures should reflect the

strategic priorities and goals of the organization to ensure that all activities and processes are contributing to the overall strategy.

The BSC theory emphasizes the establishment of cause-and-effect relationships between different performance measures (Kaplan & Norton, 1992). This principle acknowledges that enhancements in specific domains can positively influence other dimensions, thereby driving overall organizational performance. The theory of Balanced Scorecard (BSC) distinguishes between outcome measures, also known as lagging indicators, and driver measures, also known as leading indicators (Kaplan & Norton, 1992). Outcome measures reflect the ultimate results or outcomes desired, while driver measures focus on the activities and behaviors that lead to those outcomes. This principle ensures a balanced approach to performance measurement by considering both short-term actions and long-term results.

The BSC theory promotes the concept of continuous improvement through monitoring and feedback (Kaplan & Norton, 1996). Regular measurement and review of performance enable organizations to identify areas for improvement and make adjustments to achieve better outcomes. In the financial perspective, procurement performance is assessed based on cost savings, cost avoidance, and overall financial impact. This perspective focuses on measuring the financial value generated through effective procurement practices, such as negotiating favorable contracts, achieving economies of scale, and optimizing supplier relationships. By adopting the Balanced Scorecard theory in procurement, organizations can move beyond traditional cost-centric measurements and evaluate performance from multiple dimensions, aligning procurement activities with overall strategic goals. This approach provides a more comprehensive view of procurement performance and enables organizations to identify areas for improvement and drive continuous progress.

The Balanced Scorecard (BSC) theory, stands as a seminal concept in strategic management and performance evaluation (Rotchanakitumnuai, 2013). Its inception arose from a recognition of the inadequacies inherent in traditional performance measurement systems, which primarily focused on financial metrics, neglecting crucial non-financial aspects. Kaplan and Norton sought to rectify this by introducing a framework that could provide a balanced view of organizational performance while aligning with strategic objectives. This essay aims to provide a detailed exploration of the Balanced Scorecard theory, encompassing its origins, components, implementation process, benefits, and criticisms. The origins of the Balanced Scorecard theory lie in the dissatisfaction with conventional performance measurement systems. Kaplan and Norton observed that solely focusing on financial metrics failed to provide a comprehensive understanding of organizational performance. In response, they conceived the Balanced Scorecard as a comprehensive framework that would incorporate financial and non-financial perspectives, allowing organizations to align their strategies with actionable metrics across various dimensions. This revolutionary approach marked a paradigm shift in how organizations conceptualize and evaluate performance. The Balanced Scorecard comprises four interrelated perspectives, each offering a unique lens through which to assess organizational performance. The financial perspective delves into traditional financial metrics such as revenue, profit margins, and cash flow, providing insights into an organization's financial health (Pirrone, 2021). By using indicators like customer happiness, retention, and market share, the customer viewpoint reorients the focus towards comprehending and satisfying consumer demands. The internal processes perspective, on the other hand, focuses on metrics pertaining to operational excellence, quality, and innovation while analyzing the efficacy and efficiency of internal operations. Last but not least, the learning and growth perspective emphasizes the business's capacity

for innovation, adaptation, and growth. Knowledge management, organizational culture, and employee training are the main metrics used to gauge this capacity.

Implementing the Balanced Scorecard involves a systematic process that necessitates careful planning and execution. Organizations begin by defining their strategic objectives and identifying key performance areas within each perspective of the Balanced Scorecard. Once objectives are established, organizations select appropriate metrics and targets, ensuring they are specific, measurable, achievable, relevant, and time-bound. Data collection and analysis are then conducted to track performance against targets and identify areas for improvement.

The Balanced Scorecard is a strategic management tool that integrates financial and non-financial performance measurements to present an organization's performance in a more balanced light. Kaplan and Norton developed it in response to this insight. The framework is composed of four interrelated perspectives: learning and growth, customers, internal company processes, and financial.

Organizations can improve their understanding of performance drivers and create plans to increase both short-term financial success and long-term competitive advantage by taking into account each of these viewpoints.

The realization that traditional financial measurements by themselves did not provide a complete picture of an organization's performance led to the creation of the Balanced Scorecard. Financial metrics like revenue, profit, and return on investment are important, but they don't account for other important factors that make a business successful, such as internal operations, customer happiness, and learning and development programs.

The Balanced Scorecard's financial viewpoint is centered on conventional financial measures including revenue growth, profitability, and return on investment. The other

three viewpoints offer further insights into the elements impacting financial outcomes, and these measurements are still crucial for assessing organizational success.

The organization's ability for innovation, adaptation, and ongoing improvement is the main emphasis of the learning and growth perspective. From this angle, key performance indicators could include things like innovation measurements, employee training and development programs, and employee satisfaction and engagement levels. Organizations can develop the skills necessary to maintain long-term performance in changing settings by investing in staff development and encouraging a culture of learning and innovation (Procurement Executives' Association (US), 1998).

The Balanced Scorecard hypothesis, developed by David P. Norton and Robert S. Kaplan, is a ground-breaking approach to strategic management and performance assessment. The Balanced Scorecard gives organizations a clear path to achieving their strategic goals and a thorough understanding of their performance by integrating financial and non-financial aspects into a unified framework.

The Balanced Scorecard, with its focus on accountability, alignment, and balance, is still a useful tool for businesses looking to manage complexity, boost productivity, and maintain a competitive edge in the fast-paced business world of today.

Business processes within the company evaluate the efficacy and efficiency of internal operations and procedures.

. Measuring variables like productivity levels, defect rates, and process cycle times may be necessary for this. Organizations can increase overall performance, lower expenses, and improve operational efficiency by streamlining internal procedures.

Internal business processes are used to evaluate the efficacy and efficiency of internal operations and procedures. For this, it might be required to measure variables like process cycle times, productivity levels, and defect rates. Streamlining internal processes helps organizations operate more efficiently, reduce costs, and perform better overall.

One of the strengths of the Balanced Scorecard framework lies in its ability to translate strategic objectives into actionable measures and initiatives at all levels of the organization. By cascading the Balanced Scorecard down through the organizational hierarchy, from corporate strategy to individual performance goals, organizations can ensure alignment and accountability throughout the entire workforce. Moreover, the Balanced Scorecard encourages a balanced approach to performance measurement, recognizing that organizational success depends on a combination of financial and non-financial factors. Organizations can enhance their ability to evaluate their strengths and weaknesses and make well-informed decisions on resource allocation and strategic priorities by integrating a varied range of performance measures.

Balanced Scorecard dashboards and reports are used to inform stakeholders about performance results, which promotes accountability and well-informed decision-making. Finally, organizations regularly review performance and make adjustments to their strategies based on insights from the Balanced Scorecard, ensuring alignment with changing market conditions and business environments. The benefits of the Balanced Scorecard are manifold. Firstly, it facilitates the alignment of objectives across different perspectives, ensuring all departments and stakeholders work towards common goals.

Second, by combining both financial and non-financial criteria, it offers a thorough understanding of organizational performance and makes it possible to evaluate both short- and long-term financial outcomes and strategic success.

Thirdly, it helps organizations maintain a strategic focus by translating objectives into actionable metrics and initiatives, driving strategic execution and alignment. Additionally, it promotes accountability by defining roles, setting targets, and monitoring performance against benchmarks. Lastly, it fosters a culture of continuous improvement and innovation by encouraging learning and growth initiatives, driving organizational

agility and competitiveness. However, the Balanced Scorecard theory is not without its criticisms. Its implementation can be complex and time-consuming, requiring significant resources and organizational commitment. There is also a risk of overemphasizing metrics at the expense of broader strategic objectives, leading to a narrow focus on performance targets. Selecting metrics can be subjective, potentially resulting in bias or misalignment with organizational goals (Kaplan, 2009).. Moreover, the BSC does not explicitly account for causality between different perspectives, making it challenging to determine how improvements in one area impact others. Resistance to change may also hinder the implementation process, particularly among stakeholders accustomed to traditional performance measurement systems. The Balanced Scorecard theory represents a significant advancement in how organizations measure and manage performance. Its holistic approach to performance evaluation provides organizations with valuable insights into their operations and strategic direction. While criticisms exist, the benefits of the Balanced Scorecard in driving strategic focus, accountability, and continuous improvement cannot be overstated. As organizations continue to navigate complex business environments, the Balanced Scorecard remains a powerful tool for achieving long-term success and sustainable growth.

2.2.2 Strategic Choice Theory

Theory of strategic choice is a conceptual framework that aims to elucidate the decision-making process of individuals and organizations when faced with intricate, uncertain, and multiple competing alternatives. It emphasizes the importance of rationality, information processing, and the evaluation of different options before making strategic choices. Strategic choice theory posits that decision-makers are rational and seek to maximize their goals or objectives based on available information. It assumes that individuals carefully evaluate the potential consequences and trade-offs of different alternatives before making strategic choices (Cyert, 2013).

Simon, H. A. (1955) asserts that Strategic choice theory recognizes that decision-makers have limited cognitive capabilities and face cognitive limitations, which may prevent them from fully analysing all available information. As a result, decision-makers rely on heuristics and satisficing strategies to simplify the decision-making process while March (2018) consider Strategic choice theory highlights the importance of information processing in decision-making. Decision-makers gather, interpret, and analyse information to reduce uncertainty and make informed choices. The theory acknowledges that the quality and availability of information affect the decision-making process and outcomes. Daft, 2014) opine that strategic choice theory recognizes that decision-makers bring their own unique perspectives, experiences, and biases to the decision-making process. It emphasizes the importance of considering diverse viewpoints and engaging in constructive dialogue to reach optimal decisions. Strategic choice theory acknowledges the influence of political dynamics and organizational factors on decision-making. It recognizes that decision-making processes are influenced by power struggles, coalitions, and organizational structures, which can shape the range of alternatives and outcomes (Pfeffer, 1978).

The Balanced Scorecard (BSC) theory, stands as a seminal concept in strategic management and performance evaluation (Rotchanakitumnuai, 2013). Its inception arose from a recognition of the inadequacies inherent in traditional performance measurement systems, which primarily focused on financial metrics, neglecting crucial non-financial aspects. Kaplan and Norton sought to rectify this by introducing a framework that could provide a balanced view of organizational performance while aligning with strategic objectives. The necessity of comprehending and satisfying customer requirements and expectations is emphasized by the customer perspective. From this angle, market share, customer retention rates, and customer satisfaction scores could be considered key performance indicators. Organizations can better position themselves to create value and

achieve sustainable growth in a competitive market by placing a higher priority on customer-centric metrics.

One of the strengths of the Balanced Scorecard framework lies in its ability to translate strategic objectives into actionable measures and initiatives at all levels of the organization. By cascading the Balanced Scorecard down through the organizational hierarchy, from corporate strategy to individual performance goals, organizations can ensure alignment and accountability throughout the entire workforce. Moreover, the Balanced Scorecard encourages a balanced approach to performance measurement, recognizing that organizational success depends on a combination of financial and non-financial factors. By incorporating a diverse set of performance measures, organizations can better assess their strengths and weaknesses and make more informed decisions about resource allocation and strategic priorities. This essay aims to provide a detailed exploration of the Balanced Scorecard theory, encompassing its origins, components, implementation process, benefits, and criticisms. The idea of the Balanced Scorecard was born out of discontent with traditional performance evaluation methods. Kaplan and Norton noted that concentrating only on financial indicators was insufficient to offer a thorough comprehension of the success of the firm. To address this, they developed the Balanced Scorecard, a comprehensive framework that combines non-financial and financial views and enables firms to match their strategies with quantifiable measurements along a range of dimensions.

Organizations' conception and assessment of performance underwent a paradigm change as a result of this innovative methodology. The four interconnected viewpoints that make up the Balanced Scorecard each provide a different perspective for evaluating the performance of a company. In order to gain insight into an organization's financial health,

the financial viewpoint examines conventional financial parameters including sales, profit margins, and cash flow (Pirrone, 2021).

By using indicators like customer happiness, retention, and market share, the customer viewpoint reorients the focus towards comprehending and satisfying consumer demands. The internal processes perspective, on the other hand, focuses on metrics pertaining to operational excellence, quality, and innovation while analyzing the efficacy and efficiency of internal operations.

Finally, the learning and growth perspective emphasizes the organization's capacity for innovation, adaptation, and development, with metrics focused on employee training, knowledge management, and organizational culture. Implementing the Balanced Scorecard involves a systematic process that necessitates careful planning and execution. Organizations begin by defining their strategic objectives and identifying key performance areas within each perspective of the Balanced Scorecard. Once objectives are established, organizations select appropriate metrics and targets, ensuring they are specific, measurable, achievable, relevant, and time-bound. Data collection and analysis are then conducted to track performance against targets and identify areas for improvement.

The Balanced Scorecard is a strategic management tool that integrates financial and non-financial performance measurements to present an organization's performance in a more balanced light. Kaplan and Norton developed it in response to this insight. The framework is composed of four interrelated perspectives: learning and growth, customers, internal company processes, and financial.

Organizations can improve their understanding of performance drivers and create plans to increase both short-term financial success and long-term competitive advantage by taking into account each of these viewpoints.

The realization that traditional financial measurements by themselves did not provide a complete picture of an organization's performance led to the creation of the Balanced Scorecard. Financial metrics like revenue, profit, and return on investment are important, but they don't account for other important factors that make a business successful, such as internal operations, customer happiness, and learning and development programs.

The Balanced Scorecard's financial viewpoint is centered on conventional financial measures including revenue growth, profitability, and return on investment. The other three viewpoints offer further insights into the elements impacting financial outcomes, and these measurements are still crucial for assessing organizational success.

The organization's ability for innovation, adaptation, and ongoing improvement is the main emphasis of the learning and growth perspective. From this angle, key performance indicators could include things like innovation measurements, employee training and development programs, and employee satisfaction and engagement levels. Organizations can develop the skills necessary to maintain long-term performance in changing settings by investing in staff development and encouraging a culture of learning and innovation (Procurement Executives' Association (US), 1998).

The Balanced Scorecard hypothesis, developed by David P. Norton and Robert S. Kaplan, is a ground-breaking approach to strategic management and performance assessment. The Balanced Scorecard gives organizations a clear path to achieving their strategic goals and a thorough understanding of their performance by integrating financial and non-financial aspects into a unified framework.

The Balanced Scorecard, with its focus on accountability, alignment, and balance, is still a useful tool for businesses looking to manage complexity, boost productivity, and maintain a competitive edge in the fast-paced business world of today.

Internal business processes are used to evaluate the efficacy and efficiency of internal operations and procedures.

Measuring variables like productivity levels, defect rates, and process cycle times may be necessary for this. Organizations can increase overall performance, lower expenses, and improve operational efficiency by streamlining internal procedures.

The necessity of comprehending and satisfying customer requirements and expectations is emphasized by the customer perspective. From this angle, market share, customer retention rates, and customer satisfaction scores could be considered key performance indicators. Organizations can better position themselves to create value and achieve sustainable growth in competitive marketplaces by placing a higher priority on customer-centric metrics. One of the strengths of the Balanced Scorecard framework lies in its ability to translate strategic objectives into actionable measures and initiatives at all levels of the organization. By cascading the Balanced Scorecard down through the organizational hierarchy, from corporate strategy to individual performance goals, organizations can ensure alignment and accountability throughout the entire workforce. Moreover, the Balanced Scorecard encourages a balanced approach to performance measurement, recognizing that organizational success depends on a combination of financial and non-financial factors. Organizations can enhance their ability to evaluate their strengths and weaknesses and make well-informed decisions on resource allocation and strategic priorities by integrating a varied range of performance measures.

Balanced Scorecard dashboards and reports are used to inform stakeholders about performance results, which promotes accountability and well-informed decision-making. Finally, organizations regularly review performance and make adjustments to their strategies based on insights from the Balanced Scorecard, ensuring alignment with changing market conditions and business environments. The benefits of the Balanced Scorecard are manifold. First of all, it makes it easier for objectives to be aligned from various angles, guaranteeing that all departments and stakeholders are working toward the same objectives. Second, by combining both financial and non-financial criteria, it

offers a thorough understanding of organizational performance and makes it possible to evaluate both short- and long-term financial outcomes and strategic success.

Thirdly, it helps organizations maintain a strategic focus by translating objectives into actionable metrics and initiatives, driving strategic execution and alignment. Additionally, it promotes accountability by defining roles, setting targets, and monitoring performance against benchmarks. Lastly, it fosters a culture of continuous improvement and innovation by encouraging learning and growth initiatives, driving organizational agility and competitiveness. However, the Balanced Scorecard theory is not without its criticisms. Its implementation can be complex and time-consuming, requiring significant resources and organizational commitment. There is also a risk of overemphasizing metrics at the expense of broader strategic objectives, leading to a narrow focus on performance targets. Selecting metrics can be subjective, potentially resulting in bias or misalignment with organizational goals (Kaplan, 2009).. Moreover, the BSC does not explicitly account for causality between different perspectives, making it challenging to determine how improvements in one area impact others. Resistance to change may also hinder the implementation process, particularly among stakeholders accustomed to traditional performance measurement systems. The Balanced Scorecard theory represents a significant advancement in how organizations measure and manage performance. Its holistic approach to performance evaluation provides organizations with valuable insights into their operations and strategic direction. While criticisms exist, the benefits of the Balanced Scorecard in driving strategic focus, accountability, and continuous improvement cannot be overstated. As organizations continue to navigate complex business environments, the Balanced Scorecard remains a powerful tool for achieving long-term success and sustainable growth.

2.2.3 Financial Evaluation Practice Theory

The Theory of Financial Management, also known as financial management theory, encompasses a wide array of concepts, principles, and models aimed at guiding organizations in effectively managing their financial resources to achieve their objectives. While it is challenging to attribute the theory to a single founder, its development can be traced back to the pioneering works of scholars such as Eugene F. Brigham, Michael C. Jensen, and William H. Beaver, among others (Baxter & Chua, 2008).

Financial evaluation practices are crucial elements of strategic decision-making within organizations. They offer valuable insights into investment viability, performance assessment, and resource allocation. Rooted in financial theory and accounting principles, these practices provide a structured framework for evaluating the financial health and sustainability of projects and initiatives. This essay undertakes a comprehensive exploration of financial evaluation practices, encompassing their theoretical underpinnings, practical applications, and significance in strategic management. A dollar today is worth more than a dollar tomorrow because of earning potential, according to the time value of money principle, which is one of several theoretical frameworks that are included into financial evaluation methods. This idea is used in methods such as discounted cash flow analysis to assess the present value of future cash flows. The theory of capital budgeting directs the assessment of profitability and feasibility of long-term investments using techniques such as net present value (NPV) and internal rate of return (IRR).

Portfolio theory emphasizes diversification to manage investment risk effectively, guiding asset allocation strategies (Carleton and Dick 1993). The capital asset pricing model (CAPM) and other models that are used to assess risk and make investment decisions are influenced by the efficient market hypothesis (EMH), which states that asset

prices represent all available information. Financial evaluation practices find extensive applications across various domains within organizations, in capital budgeting decisions, techniques such as NPV and IRR inform decisions on long-term investments, aiding resource allocation and project prioritization. In strategic planning, financial evaluations assess the financial implications of strategic initiatives, aiding in feasibility assessments and sustainability evaluations. Performance measurement relies on financial ratios like ROI and liquidity ratios, serving as metrics for evaluating organizational efficiency and health. In M&A transactions, financial evaluations are essential for target valuation, due diligence, and assessing financial impacts. Financial evaluation practices hold profound implications for strategic management they guide risk management strategies by evaluating financial risks and returns, optimizing risk-return profiles. Identifying high-return investment opportunities ensures efficient resource allocation aligned with organizational goals. Financial evaluations provide benchmarks for monitoring organizational performance and controlling variances, aiding in performance management Ehrhardt (2011). They aid in assessing strategic options, ensuring alignment with organizational objectives and financial targets, facilitating informed strategic decision-making. In conclusion, financial evaluation practices serve as indispensable tools in strategic decision-making, offering structured frameworks for assessing investment viability, managing risks, and allocating resources effectively. Grounded in financial theory, these practices provide practical guidance for evaluating investments, measuring performance, and guiding strategic initiatives. As organizations navigate dynamic business environments, the effective application of financial evaluation practices remains essential for achieving sustainable growth and strategic success.

Procurement sourcing stands at the forefront of organizational operations, tasked with the critical responsibility of acquiring goods and services essential for business functions. Embedded within this realm lies the indispensable role of financial evaluation practices,

servicing as guiding principles for prudent decision-making, risk mitigation, and value optimization. This essay embarks on an exploration of the concept of financial evaluation practice in procurement sourcing, shedding light on its significance, key considerations, practical applications, and overarching impact on organizational success.

Practices for financial evaluation have a big impact on procurement sourcing for a variety of reasons. First of all, they provide the foundation for the best cost management tactics by carefully examining the total cost of ownership related to various suppliers. This examination makes sure that businesses implement plans that optimize returns on investments made in procurement. Furthermore, by evaluating suppliers' financial performance and stability, financial evaluation procedures serves as a safeguard against supply chain interruptions and financial instability. Organizations can strengthen their operational resilience and guarantee uninterrupted supply chains by finding suppliers who are financially stable. Practices for financial evaluation are essential to determining a company's success and viability. These techniques cover a variety of approaches and instruments designed to analyze financial data in order to make well-informed choices on resource allocation, investments, and strategic planning.

One prominent theory that underpins financial evaluation practices is the Theory of Financial Management, which has its roots in the work of various scholars and practitioners over the years.

At its core, the Theory of Financial Management seeks to optimize the allocation of financial resources to maximize shareholder wealth and organizational value. This involves a systematic approach to financial decision-making, incorporating concepts from finance, economics, accounting, and other disciplines. One of the central tenets of the theory is the principle of value maximization, which posits that the primary goal of

financial management is to enhance shareholder wealth through efficient capital allocation and investment decisions.

Financial evaluation practices rooted in the Theory of Financial Management encompass a range of techniques and methodologies for analysing financial data and assessing the financial performance and health of organizations. These practices include financial ratio analysis, discounted cash flow (DCF) analysis, capital budgeting techniques, risk assessment models, and performance measurement metrics, among others. Each of these tools provides valuable insights into different aspects of a company's financial position, enabling managers and investors to make informed decisions about resource allocation, investment opportunities, and strategic initiatives.

One of the key strengths of the Theory of Financial Management lies in its emphasis on rigorous financial analysis and empirical evidence-based decision-making. By applying quantitative techniques and analytical frameworks, organizations can systematically evaluate their financial performance, identify areas of strength and weakness, and develop strategies to enhance value creation and sustainability. Moreover, the theory provides a foundation for understanding the dynamics of financial markets, risk management principles, and the interplay between financial and operational decisions. However, the Theory of Financial Management is not without its criticisms and limitations. Critics argue that the theory may oversimplify the complexities of real-world financial decision-making by focusing primarily on shareholder wealth maximization and neglecting other stakeholder interests, such as employees, customers, and society at large. Additionally, the theory may face challenges in adapting to dynamic and uncertain business environments, where traditional financial evaluation practices may not adequately capture emerging risks and opportunities.

The Theory of Financial Management provides a comprehensive framework for understanding and managing financial resources in organizations. Founded on the works of various scholars and practitioners, the theory guides financial evaluation practices aimed at optimizing resource allocation, maximizing shareholder value, and achieving organizational objectives. While it continues to evolve in response to changing business dynamics and stakeholder expectations, the theory remains a cornerstone of financial management theory and practice.

In addition to risk mitigation, financial evaluation practices enable organizations to navigate the intricate trade-offs between price, quality, and service. Through diligent analysis, organizations identify suppliers offering the most favourable value propositions, thereby maximizing returns on procurement expenditures. Furthermore, by integrating financial considerations into procurement sourcing decisions, organizations foster alignment with broader strategic objectives and initiatives. This alignment enhances synergy across organizational functions, driving cohesive and impactful outcomes. Several pivotal considerations underpin financial evaluation practice in procurement sourcing. Firstly, the assessment of suppliers' financial health through key metrics provides crucial insights into their capacity to sustain operations and fulfill contractual obligations reliably. Rigorous cost-benefit analyses enable organizations to weigh the financial implications of different sourcing options, guiding decision-making and ensuring the selection of economically advantageous suppliers. Beyond current financial standing, evaluating suppliers' historical performance and future prospects is imperative. This holistic evaluation aids in forecasting suppliers' ability to meet evolving demands and performance expectations. Adapting financial evaluation practices to dynamic market conditions and industry trends is essential. By remaining attuned to market fluctuations, organizations tailor their evaluations to reflect prevailing economic realities, enhancing relevance and effectiveness. Practical applications of financial evaluation practices in

procurement sourcing manifest throughout the procurement lifecycle. Thorough financial due diligence involves meticulous analysis of suppliers' financial statements, credit reports, and relevant data. This comprehensive assessment forms the bedrock of supplier selection, ensuring compatibility with organizational objectives and risk tolerance levels. Armed with a nuanced understanding of suppliers' cost structures and market competitiveness, organizations engage in informed price negotiations. These negotiations aim to secure favourable pricing terms and conditions, optimizing value for procurement expenditures. Financial evaluation guides supplier selection decisions by aligning financial considerations with organizational priorities. By selecting suppliers that offer optimal value propositions, organizations bolster their operational efficiency and competitive positioning. Continuous financial evaluations throughout the contract lifecycle facilitate proactive risk management and performance optimization. Financial evaluation practice serves as a linchpin in procurement sourcing, fostering informed decision-making, risk mitigation, and value creation. Danielsson, J. (2011). By integrating financial considerations into procurement processes, organizations navigate complexities with clarity and foresight, driving sustainable growth and competitive advantage. As organizations traverse dynamic business landscapes, the strategic application of financial evaluation practices in procurement sourcing will remain pivotal, underpinning operational excellence and strategic resilience.

2.2.4 Resource-Based View (RBV) theory

The Resource-Based View (RBV) hypothesis is a fundamental aspect of strategic management that offers valuable insights into how companies might sustain a competitive edge. The RBV framework was developed in the late 1980s and early 1990s, and both academics and practitioners utilize it frequently. It has had a significant influence on strategic thinking. Madhani (2010).

The core tenet of the RBV theory is that a firm's competitive advantage derives from its unique set of resources and competencies, not from external factors such as market dynamics or industry structure. Resources might include actual assets like buildings and machinery as well as intangible assets like intellectual property and brand reputation, in addition to organizational skills like efficient workflows and qualified staff.

A key idea in supply chain management and procurement, the Resource-Based View (RBV) paradigm highlights the value of organizational resources and capabilities in obtaining a competitive edge.

This essay delves into the application of RBV theory in the context of e-sourcing practices and their influence on procurement performance (Taher, 2012).

RBV theory states that companies can gain a sustained competitive edge by employing unique, valuable, and non-replaceable resources and skills. E-sourcing strategies are a helpful instrument that could significantly influence the success of procurement.

E-sourcing is the process of streamlining procurement procedures, such as supplier identification, negotiation, and contract management, by using electronic platforms and technology.

One of the key contributions of the RBV theory is its emphasis on the heterogeneity and immobility of resources. Heterogeneity refers to the notion that resources differ across firms in terms of their type, quantity, and quality. This means that not all resources are equally valuable, rare, or difficult to imitate. For example, a patent protecting a novel technology may confer a significant competitive advantage compared to generic manufacturing equipment. Immobility, on the other hand, suggests that resources cannot be easily transferred or replicated between firms (Bertram, 2016). This can be due to physical constraints, legal barriers, or tacit knowledge embedded within the organization.

A fundamental idea in RBV theory is sustainable competitive advantage. Sustainable advantages, as opposed to transient ones brought about by competitive positioning or market dynamics, emerge when a company has assets and competencies that are rare, valuable, unique, and non-replaceable (VRIN). With the help of these VRIN resources, the company can consistently beat rivals, solidifying its place in the market.

To leverage the RBV framework effectively, firms must engage in resource identification, evaluation, and development. This involves a thorough analysis of both internal and external environments to identify valuable resources and assess their potential for sustaining competitive advantage. Moreover, firms must continually invest in developing and renewing their resource base to adapt to changing market conditions and technological advancements. While the RBV theory provides valuable insights into strategic management, it is not without its criticisms and limitations. Critics argue that the RBV framework may oversimplify the complexities of competitive dynamics by focusing solely on internal factors and neglecting the role of industry structure and market positioning. Additionally, the RBV approach may struggle to explain sudden shifts in competitive advantage or the effects of dynamic capabilities in responding to environmental changes. The Resource-Based View (RBV) theory offers a valuable perspective on strategic management, highlighting the importance of internal resources and capabilities in achieving sustained competitive advantage. Several pivotal considerations underpin financial evaluation practice in procurement sourcing. Firstly, the assessment of suppliers' financial health through key metrics provides crucial insights into their capacity to sustain operations and fulfill contractual obligations reliably. Rigorous cost-benefit analyses enable organizations to weigh the financial implications of different sourcing options, guiding decision-making and ensuring the selection of economically advantageous suppliers. Beyond current financial standing, evaluating suppliers' historical performance and future prospects is imperative. This holistic

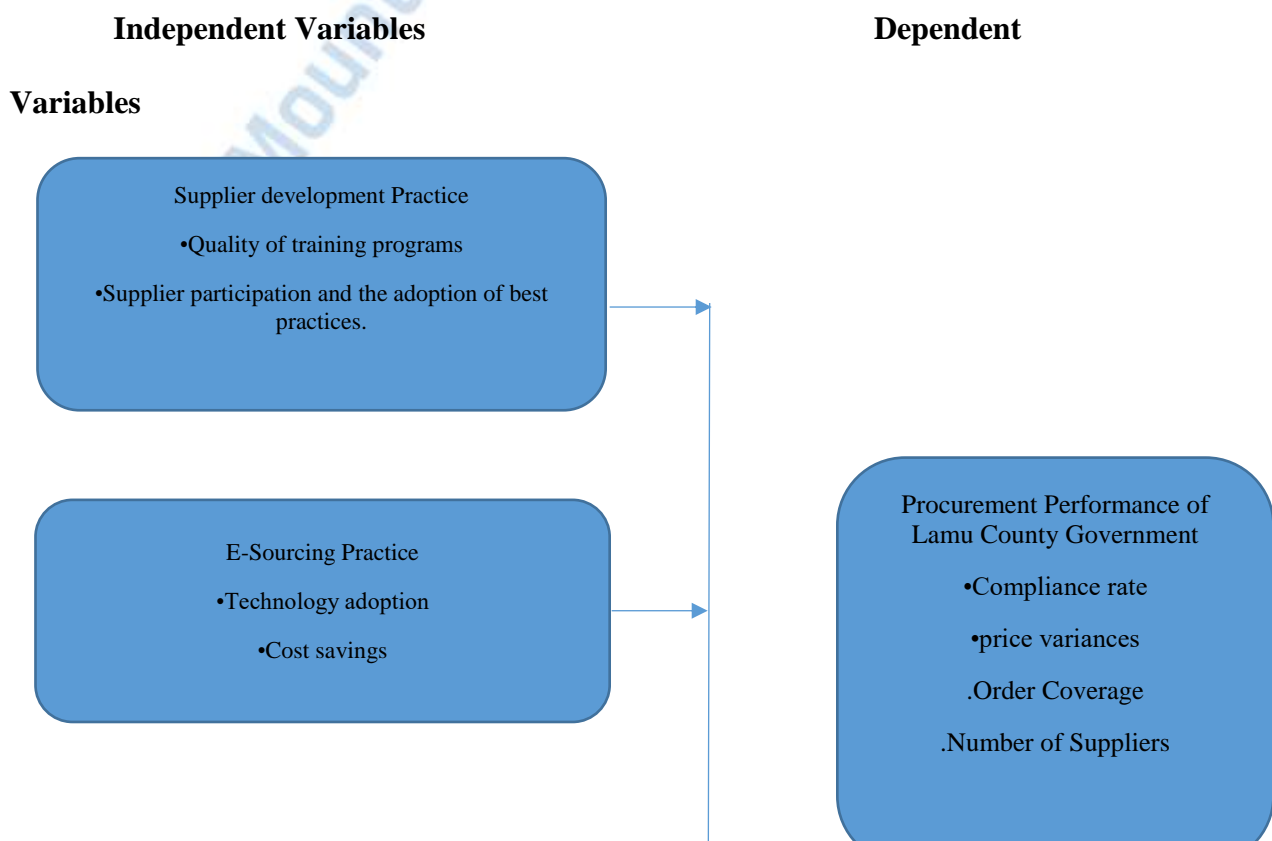
evaluation aids in forecasting suppliers' ability to meet evolving demands and performance expectations. Adapting financial evaluation practices to dynamic market conditions and industry trends is essential. By remaining attuned to market fluctuations, organizations tailor their evaluations to reflect prevailing economic realities, enhancing relevance and effectiveness. Practical applications of financial evaluation practices in procurement sourcing manifest throughout the procurement lifecycle. Thorough financial due diligence involves meticulous analysis of suppliers' financial statements, credit reports, and relevant data. This comprehensive assessment forms the bedrock of supplier selection, ensuring compatibility with organizational objectives and risk tolerance levels. Armed with a nuanced understanding of suppliers' cost structures and market competitiveness, organizations engage in informed price negotiations. By understanding and leveraging its unique resource bundle, a firm can position itself for long-term success in the ever-evolving business landscape. By adopting e-sourcing practices, organizations can tap into a wealth of benefits that align with the principles of RBV theory. Firstly, e-sourcing platforms provide access to a broader supplier base, allowing organizations to identify and engage with suppliers that offer the best value proposition. This expanded supplier network enhances the organization's resource pool, enabling access to unique and valuable resources that may not have been available through traditional sourcing methods. Moreover, e-sourcing practices enhance procurement capabilities, which are integral to RBV theory. These capabilities include faster processing times, improved data analytics, and enhanced transparency in procurement processes. E-sourcing platforms facilitate real-time monitoring of procurement activities, enabling organizations to make data-driven decisions and optimize resource allocation. This dynamic capability strengthens the organization's competitive position by enhancing its ability to adapt to changing market conditions and customer demands (Gisip, 2013).

Furthermore, e-sourcing practices contribute to organizational learning and knowledge creation, another key aspect of RBV theory. As organizations engage in e-sourcing activities, they accumulate knowledge and expertise in utilizing electronic procurement platforms effectively. This knowledge becomes embedded within the organization's processes and systems, creating a sustainable source of competitive advantage. Over time, the organization becomes more proficient in leveraging e-sourcing technologies to drive procurement performance improvements. RBV theory also underscores the importance of resource heterogeneity and immobility in achieving competitive advantage. E-sourcing practices, characterized by investments in technology infrastructure, software systems, and employee training, represent resources that are difficult for competitors to replicate. The unique configuration of these resources, combined with the organization's internal processes and routines, creates a competitive advantage that is difficult to imitate or substitute. In the context of Lamu County Government in Kenya, the application of RBV theory to e-sourcing practices can offer valuable insights into improving procurement performance. By leveraging e-sourcing technologies to enhance access to suppliers, improve procurement capabilities, and facilitate organizational learning, the county government can achieve greater efficiency, transparency, and value for its procurement activities. Moreover, by recognizing e-sourcing practices as valuable and non-substitutable resources, the county government can strategically invest in these capabilities to maintain a competitive edge in the procurement landscape. In conclusion, the Resource-Based View (RBV) theory provides a compelling framework for understanding the impact of e-sourcing practices on procurement performance. By recognizing e-sourcing technologies as valuable, rare, and non-substitutable resources, organizations can leverage these capabilities to gain sustained competitive advantage in the procurement domain (Madhani, 2010). Through investments in e-sourcing platforms,

organizations can enhance their procurement capabilities, facilitate organizational learning, and achieve superior procurement performance outcomes.

2.3 Conceptual framework

A conceptual model is a set of many principles and ideas from related disciplines that guide the organization and analysis of additional material. The conceptual framework clarifies the relationships between the independent variables and the dependent variable. Figure 1 shows the impact of the study's independent variables supplier development, e-sourcing, financial assessment, and outsourcing practices on the Lamu County Government's procurement performance.



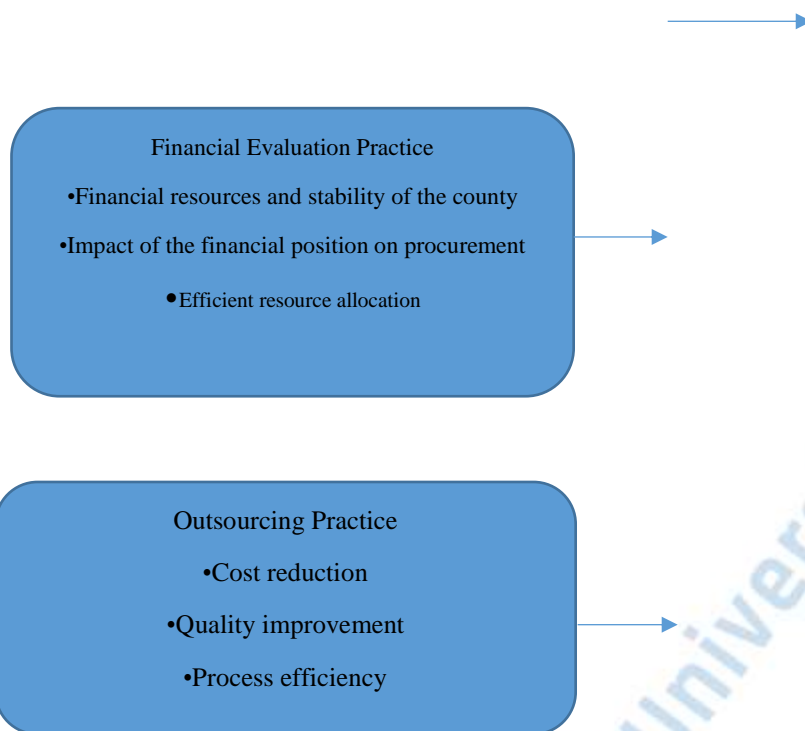


Figure 1: Conceptual Framework

Source : (Researcher ,2023)

2.4 Empirical review

As stated by Quinn (1999), strategic outsourcing involves entrusting the management of crucial tasks, which would typically be handled by internal staff, to a service provider. When executed effectively, this approach enables a business to strategically utilize its resources and capabilities, thereby gaining a competitive edge. Moreover, it enhances the feasibility of an organization's strategic objectives. This form of outsourcing strategy can be implemented by organizations of any size, resulting in cost reduction and facilitating the optimal allocation of resources to essential functions (Welch & Nayak, 1992). Strategic sourcing represents a crucial element in the transformation of an organization's supply management, carrying significant value-added benefits. Sourcing is a crucial step in the procurement process that involves finding and selecting suppliers who meet the needs of

the company in terms of price, quality, technology, timeliness, dependability, and service (Reeds, Bowman & Knopper, 2005).

Choosing suppliers with a strategic perspective and matching their qualifications to the company's competitive plan is known as strategic sourcing. Strategic sourcing improves the organization's overall synergy by fusing procurement or sourcing strategy with business strategy (Porter, 1998).

The operating methods and marketing tactics of public sector enterprises are changing dramatically. How these companies accomplish their goals is largely dependent on the procurement department. Leenders et al. (2008) noted that purchasing operations have the ability to increase the value of the company. Improving procurement practices can additionally enhance overall organizational performance. Rather than adhering to familiar procurement methods, organizations should prioritize the selection of approaches that are most suitable and beneficial for achieving success. As noted by Narasimhan and Kim (2002), there is increasing pressure to integrate purchasing practices with organizational performance (Gattorna, 2006).

Developing and implementing sustainable procurement policies—which include incorporating social, cultural, and economic factors into procurement processes—requires procurement to take a leading role (Hsu & Hu, 2008). It is essential to consider a wide range of performance indicators while evaluating the success of a business. Aspects like quality, efficacy, productivity, profitability, and sustainability should all be included in these metrics. It is important to acknowledge procurement procedures as a crucial element of the organization's overarching plan. This means taking part in supplier selection and consolidation, budgeting procedures, quality and technology developments, and environmental concerns. The proactive efforts of organizations to address and

efficiently manage environmental and social challenges that impact the organization are becoming increasingly important to stakeholders (Carter, 2011).

2.4.1 Influence of Supplier Development Practice on procurement Performance

Supplier training can have a significant influence on procurement performance by enhancing supplier capabilities, improving product quality, reducing lead times, and fostering long-term collaborative relationships. As stated by Gikonyo (2014), procurement has traditionally been a tightly controlled function. Consequently, the management of suppliers and adherence to regulations has traditionally been considered essential in order to attain the objectives of procurement, including efficiency, cost-effectiveness, fairness, and ethical conduct (Gikonyo, 2014). The practice of supplier management ensures that the entire supply chain operates as a unified and integrated entity (Potts, 2012).

Supplier training programs can improve the skills, knowledge, and expertise of suppliers, enabling them to better understand and meet the organization's requirements. This can lead to improved product quality, reduced defects, and increased consistency in meeting specifications. Carter, C. R., & Ellram, L. M. (2003). This article discusses the importance of supplier training in the context of reverse logistics, highlighting how training can improve the management of returned products and reduce costs associated with reverse logistics processes. Supplier training can enhance the efficiency of suppliers' processes, leading to reduced lead times, improved on-time delivery, and increased operational efficiency. This can help the organization streamline its procurement activities, minimize stock outs, and improve overall supply chain performance.

Training programs can foster collaborative relationships between buyers and suppliers. By investing in supplier development, organizations can build stronger partnerships, enhance communication, and create a shared understanding of goals and expectations.

This can result in enhanced collaboration, confidence, and exchange of information, leading to improved performance in procurement. In a 2007 study, Krause et al. investigated the connections between performance enhancement, social capital accumulation, supplier development, and commitment. This study investigates the relationships between supplier development strategies, such training, and procurement outcomes, emphasizing the role that dedication and social capital play in promoting performance gains.

Supplier training can stimulate innovation and encourage suppliers to adopt best practices. By providing training on new technologies, methodologies, or market trends, organizations can foster a culture of continuous improvement among their suppliers. This can result in innovative product offerings, process improvements, and cost savings (Johnson, 2010). Supplier training can also contribute to risk mitigation efforts. By educating suppliers on regulatory compliance, quality management systems, and risk identification and management, organizations can reduce the likelihood of disruptions, defects, and non-compliance issues that can impact procurement performance. By remaining attuned to market fluctuations, organizations tailor their evaluations to reflect prevailing economic realities, enhancing relevance and effectiveness. Practical applications of financial evaluation practices in procurement sourcing manifest throughout the procurement lifecycle. Thorough financial due diligence involves meticulous analysis of suppliers' financial statements, credit reports, and relevant data. Procurement practices should be recognized as an integral component of the overall organizational strategy. This means taking part in supplier selection and consolidation, budgeting procedures, quality and technology developments, and environmental concerns. The proactive efforts of organizations to address and efficiently manage environmental and social challenges that impact the organization are becoming increasingly important to stakeholders (Carter, 2011).

This comprehensive assessment forms the bedrock of supplier selection, ensuring compatibility with organizational objectives and risk tolerance levels. Armed with a nuanced understanding of suppliers' cost structures and market competitiveness, organizations engage in informed price negotiations. These negotiations aim to secure favourable pricing terms and conditions, optimizing value for procurement expenditures. This alignment enhances synergy across organizational functions, driving cohesive and impactful outcomes. Several pivotal considerations underpin financial evaluation practice in procurement sourcing. Firstly, the assessment of suppliers' financial health through key metrics provides crucial insights into their capacity to sustain operations and fulfill contractual obligations reliably. Rigorous cost-benefit analyses enable organizations to weigh the financial implications of different sourcing options, guiding decision-making and ensuring the selection of economically advantageous suppliers. Beyond current financial standing, evaluating suppliers' historical performance and future prospects is imperative.

It is imperative that firms create and execute efficient supplier training initiatives that are customized to meet their unique requirements and goals. It is imperative to establish routine assessment and feedback processes to appraise the influence of training activities on procurement performance and pinpoint opportunities for additional enhancement. An investigation of the effect of supplier training on buyer operating performance was conducted by Mabert and Venkataramanan in 1998. This research investigates how supplier training affects buyer operating performance and pinpoints the essential elements that result in better procurement outcomes.

2.4.2 Influence of E-sourcing Practice on Procurement Performance

In the contemporary global business landscape, characterized by intense competition, the incorporation of Internet technology is no longer a choice but a necessity. The utilization

of computers in procurement and the emergence of e-procurement are gaining traction and growing increasingly popular in the present-day business sphere. According to Gerald and Joan (2009), modern businesses affirm that the integration of information technology is imperative for accomplishing daily business operations and achieving success. This, along with various other advantageous consequences of implementing e-procurement, has spurred numerous companies, both domestically and internationally, to embrace and employ IT in their procurement procedures and overall business management.

When it comes to the implementation of electronic government initiatives, electronic procurement holds great importance for numerous countries due to its potential for cost savings (Carayannis & Popescu, 2003). One of the key objectives of government policies is to achieve economic growth, alleviate poverty, and significantly improve service delivery to the citizens of Kenya. Public entities allocate substantial budgets for procurement, with up to 60 percent of public expenditures being directed towards this area (Kipkorir, 2013; Makabira&Waiganjo, 2014). In the past, Kenya has experienced significant financial losses due to flawed public procurement processes, primarily attributed to the low ethical standards of individuals involved and the prevailing organizational culture and environment (Kangogo&Kiptoo, 2013).

E-procurement offers various advantages, including reduced transaction costs, streamlined processes, and improved adherence to contracts, shorter lifecycle durations, and decreased storage expenses (Aberdeen Group, 2005). This holistic evaluation aids in forecasting suppliers' ability to meet evolving demands and performance expectations. Adapting financial evaluation practices to dynamic market conditions and industry trends is essential. Financial evaluation guides supplier selection decisions by aligning financial considerations with organizational priorities. By selecting suppliers that offer optimal value propositions, organizations bolster their operational efficiency and competitive

positioning. Continuous financial evaluations throughout the contract lifecycle facilitate proactive risk management and performance optimization. In addition to risk mitigation, financial evaluation practices enable organizations to navigate the intricate trade-offs between price, quality, and service. Through diligent analysis, organizations identify suppliers offering the most favourable value propositions, thereby maximizing returns on procurement expenditures. Furthermore, by integrating financial considerations into procurement sourcing decisions, organizations foster alignment with broader strategic objectives and initiatives.

Developing and implementing sustainable procurement policies which include incorporating social, cultural, and economic factors into procurement processes requires procurement to take a leading role (Hsu & Hu, 2008). It is essential to consider a wide range of performance indicators while evaluating the success of a business.

These indicators should encompass aspects such as quality, effectiveness, productivity, profitability, and sustainability. It also adds to the enhancement of cost and operational effectiveness (Roma and McCue, 2012). As per the findings of Mose, Njihia, and Magutu (2013), e-procurement results in improved procurement performance through the facilitation of digital record-keeping during bidding processes, thereby increasing transparency, accountability, and overall efficiency in procurement. Similarly, the Abarden Group (2001) asserts that e-procurement delivers advantages such as improved customer satisfaction, enhanced adherence to contracts, expanded capabilities within the supply chain, decreased expenses related to inventory, and enhanced management of inventory. The implementation of electronic procurement systems has the potential to enhance interactions between suppliers and customers, while also facilitating the achievement of strategic procurement objectives and ultimately improving procurement performance (Martinez, 2008).

2.4.3 Influence of Financial Evaluation Practice on Procurement Performance

An organization's procurement performance can be significantly impacted by its financial situation. Procurement procedures are very important in the public sector since they are necessary for the open distribution of organizational resources. Procurement processes are the steps purchasing firms take to effectively integrate and control their performance, which finally enhances productivity by reducing costs and time, according to Carr and Smeltzer (1997).

A variety of tasks are involved in procurement, including choosing a vendor, assessing the company strategically, determining the terms of payment, negotiating contracts, and actually acquiring the items (Weele, 2010). According to Lim (2014), procurement is the process of obtaining labor, supplies, and other necessities for a company.

Enhanced Supplier Relationships: A strong financial position allows organizations to establish and maintain long-term relationships with suppliers. Financial stability provides the organization with the ability to make timely payments, which promotes trust and collaboration with suppliers (Chen et al., 2021). **Access to Quality Suppliers:** Organizations with a solid financial position often attract high-quality suppliers. Suppliers prefer to work with financially stable organizations as they are seen as reliable partners who can fulfill their payment obligations and ensure ongoing business (Vaidya et al., 2019).

Negotiation Power: Financially strong organizations have greater bargaining power during procurement negotiations. They have the ability to engage in discussions to secure advantageous conditions, such as reduced prices, extended payment periods, or supplementary value-added services, leading to cost reductions and enhanced outcomes in procurement (Tlaiss et al., 2020). **Investment in Procurement Technology:** An organization's financial position influences its ability to invest in procurement technology

and systems. Advanced procurement technologies, such as e-procurement platforms and supply chain management software, can streamline processes, increase efficiency, and improve overall procurement performance (Pagell et al., 2019).

Mitigating Supply Chain Risks: Financially stable organizations are better equipped to manage and mitigate supply chain risks. They can invest in risk assessment tools, conduct due diligence on suppliers, and develop contingency plans to address potential disruptions, leading to improved procurement performance and continuity (Kannan et al., 2020). **Improved Inventory Management:** Organizations with a strong financial position can invest in effective inventory management practices. This allows them to optimize inventory levels, reduce carrying costs, and minimize stock outs, leading to improved procurement performance and operational efficiency (Pandey et al., 2020).

2.4.4 Influence of Outsourcing Practice on Procurement Performance

The term "outsourcing" has several different meanings and usually refers to the assignment of work responsibilities (Cubides, 2006). Outsourcing, which is essentially the transfer of services or duties from an internal provider to an external one, is becoming a more and more important component of many corporate strategies (Hern & Burke, 2006). In the current environment of heightened competition, firms must look for new ways to add value.

The global community has widely embraced the practice of outsourcing, with companies leveraging its principles to facilitate market expansion (Bender, 2009). Strategic management of outsourcing stands as a potent tool in the field of management, with outsourcing of innovation representing its forefront (Quinn, 2010).

By outsourcing certain functions, organizations can concentrate their limited resources on enhancing their core products or services, while strategically engaging external

vendors to handle service activities that were traditionally managed internally (Elmuti, 2004).

According to several studies on the subject (Densai et al., 2012), outsourcing is a business strategy in which a company hires an outside service provider to manage some or all of its internal business activities.

The primary objective is to minimize operating costs and concentrate on the organization's core competencies. When implemented effectively, outsourcing can yield significant benefits by simultaneously reducing costs and risks. This is achieved through the transfer of investment and development risks to the external suppliers, allowing the outsourcing company to avoid such risks. By distributing these risks among multiple clients, the supplier can lower costs for all clients involved through the pooling effect and the advantages of economies of scale.

Furthermore, the management of risks has emerged as a crucial aspect and advantage of outsourcing (Lawson, Tyler & Potter, 2014). In certain scenarios, a company may discover that establishing a close relationship with a strategic supplier possessing strong technical expertise could result in higher coordination costs or an increased risk of unintentional technology leakage (Contractor, Woodley & Piepenbrink, 2011). To mitigate these costs, organizations may opt to outsource technical capabilities from these reliable strategic partners. For example, strategic suppliers with advanced technical capabilities often develop valuable proprietary knowledge that is challenging and costly for firms to access and transfer across organizational boundaries, particularly when they aim to build relationship-specific absorptive capacities (Lawson *et al.*, 2014).

Certain companies have turned to outsourcing as a temporary measure to circumvent the inflexibilities imposed by labor regulations. However, when organizations perceive outsourcing solely as a means of avoiding permanent staff and the corresponding legal

obligations, they limit themselves and fail to recognize its potential as a strategic approach to secure a consistently skilled and motivated workforce (Mulama, 2012). Integrated outsourcing also serves as a solution for large corporations that struggle to swiftly assemble a diverse range of expertise for specialized inter-unit projects, particularly when these resources are dispersed across various divisions or geographical locations (Rothaermel *et al.*, 2006). This challenge often stems from the complex organizational structures of such large firms and internal power dynamics among management.

Furthermore, in the contemporary global business landscape, it is crucial for managers to effectively harness and apply cutting-edge knowledge and technology in a methodical manner, aiming to establish precise benchmarks that delineate crucial objectives for the service provider. When it comes to outsourced innovation, a focused management approach is essential to foster exceptional performance by implementing a recognition and reward system that motivates the supplier to innovate on behalf of the client (Salge *et al.*, 2012).

In the present-day business climate, it is crucial for most organizations to identify their fundamental areas of expertise and prioritize them in terms of procurement performance. This strategy can make it easier to outsource services and meet the goals that the company has set for itself. Butler (2011), however, contends that outsourcing entails the full or partial transfer of a function from a primary organization to a third party organization.

Because the business climate is becoming more and more dynamic, companies are always looking for better ways to get a competitive advantage. Outsourcing, often known as contract manufacturing, is a strategic technique that businesses can use to gain a sustainable competitive advantage. Regardless of the type of the relationship an organization has with its external suppliers, outsourcing generally refers to the portion of its activities that is assigned to them (Kiongera, Wanyonyi, Musiega & Masinde, 2014).

2.5 Research Gap

There is a vacuum in the research that has been done on how strategic sourcing techniques affect the Kenyan government of Lamu County's procurement performance. It is usual for different studies to address strategic sourcing in different contexts without concentrating on Lamu County in particular. One such study on the strategic management of procurement procedures in Kenya's main oil corporations is that conducted by Musau (2014). The study found that strategic management positively influences procurement processes and operational efficiency but did not address public sector specifics relevant to Lamu County. Despite mentioning strategic sourcing, the study treated the general and specific procurement contexts separately. Furthermore, Musau (2014) used a wide survey methodology, suggesting that previous research from a range of industries was examined. However, as the effect of strategic sourcing methods on Lamu County procurement performance is a relatively unexplored field, primary data should be used in this study in order to draw reliable and relevant findings.

Similarly, Ndiiri (2016) did not examine strategic sourcing techniques unique to Lamu County, but rather acknowledged the effect of e-procurement implementation on procurement performance across Kenyan counties.

The study emphasized the importance of e-procurement for efficiency but lacked a localized focus on Lamu's unique challenges. Farah (2015) restricted the study to procurement planning in the public sector without considering the combination of strategic sourcing practices and specific procurement performance metrics. The study was conducted in a different county and lacked the viewpoint specific to Lamu County. Monyoncho (2015) on the determinants of government-funded construction projects in Lamu County, failed to narrow down to various facets of strategic sourcing such as supplier selection, contract management, and risk mitigation. Osoti and Namusonge

(2023) studied contract variation management in state agencies in Nairobi but did not explore strategic sourcing practices in depth. This study aims to adopt the term strategic sourcing to combine these concepts. Kamoni (2020) did not link strategic sourcing to procurement performance in the public sector, a gap that should be addressed in this study. Mbula and Wainaina (2023) study left a gap by not including the impact of procurement procedures specific to Lamu County, which should be considered in this study.

Strategic sourcing is becoming increasingly important in public procurement research in Lamu County, although it is still outside the mainstream despite its widespread acceptability (Galankashi & Helmi, 2016) and critical significance. Research on strategic sourcing in the public sector is still in its infancy (Kuria & Chirchir, 2014; Purvis et al., 2016; Osoti & Namusonge, 2023). The notion was primarily examined in relation to commercial procurement (Fadaki, Rahman, & Chan, 2019). In order to improve procurement performance in Lamu County, this study advances knowledge in the less-explored area of strategic sourcing in the public sector.

Farahani, Lotfi, Baghaian, Ruiz, and Rezapour (2020) found that public sector organizations often face pressure to deploy resources efficiently without enough knowledge of the required resources and amounts. More pressure on resource utilization and performance results from increased demand for efficient procurement operations, which demands more strategic sourcing initiatives around the world. However, little is known about the moderating effect of organizational characteristics on the relationship between strategic sourcing and procurement performance in public sector organizations in Lamu County. Procurement models may be incomplete if they fail to specify mediating and moderating variables. Therefore, they may be unable to provide solutions to actual operational problems (Swalehe, Odock & Wainaina, 2020). This study looks at the direct

and indirect influence of strategic sourcing practices, thus providing broader insights into the area of public procurement in Lamu County.

The majority of the examined research are restricted to economies in urban areas and other regions. According to Tatham and Christopher (2018), research on strategic sourcing has become increasingly important, primarily in the business sector, with studies conducted in metropolitan Kenyan counties. Lamu County suffers several complex logistical challenges and its procurement performance is highly prone to inefficiencies compared to more developed counties. Another issue facing Lamu County is a lack of logistical capacity, or the resources needed to support effective procurement procedures (Dufour et al., 2018). For this reason, having a thorough grasp and adequate knowledge of strategic sourcing will help with implementation and problem-solving. The study's backdrop is Lamu County, Kenya, which provides a point of comparison for other comparable counties wishing to incorporate strategic sourcing into their procurement procedures.

Additionally, since the research by Eltawy and Gallear (2017), Altay et al. (2018), and Bharna et al. (2020) did not discuss the connection between strategic sourcing and procurement performance in public sector organizations, they exhibited conceptual and contextual gaps. Furthermore, research findings were found to be inconsistent in some of the previous studies (Kuria & Chirchir, 2014; Datta, 2017; Makepeace, Tatham & Wu, 2017; Khan & Wisner, 2019; Mwangi & Anaya, 2020) because they used various research methodology and data analysis techniques. To avoid the flaws and contradictions present in previous research, this study enables more thorough and advanced evaluations.

Furthermore, the impact of strategic sourcing on procurement performance in the context of Lamu County has not received much attention in previous studies. By concentrating on strategic sourcing techniques and their effects on procurement performance in Lamu

County, this study seeks to close these disparities. In summary, this study attempts to close a gap that the previous research has left.

Specifically, past studies focused on other counties and sectors, ignoring the unique context of Lamu County. Additionally, the majority of existing studies, despite recognizing strategic sourcing practices, treated them broadly and failed to review the different components specific to Lamu County's public procurement environment.



CHAPTER THREE

RESEARCH METHODOLOGY

INTRODUCTION

The methodological approach used to conduct the study was provided in this chapter. It included the fundamental ideas of philosophy, study design, sample strategies, methods for gathering data, and methods for processing and analyzing that data.

3.1 Research Design

In order to illustrate outsourcing procurement practices and their impact on Lamu County Government performance, this study used a descriptive research approach. The goal was to comprehend how the performance of the firm was affected by these initiatives. A thorough description of the research topic is provided by the collection, analysis, and presentation of data in a descriptive research design, which is theory-based. The study can get understanding of the causes and mechanisms underlying the research problem by utilizing this thorough research approach.

. According to Oso and Onen (2009), a descriptive research design enables researchers to explore the when, what, how, and why aspects of a situation. Saunders et al. (2014) also note that a descriptive research design is appropriate when the researcher seeks to describe and understand the problem being investigated.

3.2 Target Population

The entire group of objects or people being studied, including those with comparable traits, is referred to as the target population (Sekaran & Bougie, 2013). According to Saunders et al. (2014), the target population is made up of persons or items that share similar characteristics. 201 Lamu County Government workers, including head of

departments, procurement officers, county chief officers, and pre-qualified vendors, made up the study's population.

Table 1: Target Population

Respondents	Population
Head of Directorate	20
Procurement officers	25
County Chief Officers	15
Pre-qualified Suppliers	58
Total	118

Source: (Lamu County Government, 2023)

3.3 Sample and Sampling Techniques

A sample, as defined by Saunders et al. (2014), is a subset of the target population selected with the goal of making inferences. A sample size of thirty percent of the study's accessible population is appropriate, according to Oso and Onen (2009). The elements that impact the sample size calculation include geographic coverage, budgetary constraints, time constraints, and the necessary level of precision (Sekaran & Bougie, 2013). Because stratified sampling allowed the researcher to assign participants based on how proportionately they represented the subject, it was acceptable for this particular study (Oso and Onen, 2009). Simple random sampling was employed to ensure that each member of the target population had an equal chance of being selected to participate in the study. To calculate the sample size for this study, Yamane's (1967) formula is utilized. The formula for Yamane is displayed below:

$$n = \frac{N}{1 + N(e)^2}$$

$$1 + N(e)^2$$

(Where n = sample size, N = target population, and e = level of precision which is usually 0.05)

By substituting the formula, the sample size for this study was:

$$n = \frac{118}{1 + 118(0.05)(0.05)} = \frac{118}{1.295} = 91$$

Table 2: Sample Size

Respondents	Population	Sample size
Head of Directorate	20	15
Procurement officers	25	19
County Chief Officers	15	11
Pre-qualified Suppliers	58	46
Total	118	91

Source: (Researcher, 2023)

3.4 Data Collection Instruments

Data collection technologies are used to help gather important information from study participants, according to Cooper and Schindler (2014). In this study, semi-structured questionnaires were used to collect primary data. This approach was selected because it was effective in providing the needed data at a cheaper cost and in less time. Kothari (2011) emphasizes that questionnaires allow for a more rapid process of gathering data when compared to techniques such as focus group talks, which require the participants'

presence. Additionally, it is simple to administer questionnaires to a wide variety of individuals, taking into account their various qualities.

3.5. Pilot Testing

As stressed by Kothari (2011), the purpose of a pilot test on research instruments is to confirm the validity and reliability of the instruments with respect to the study's goals and research questions. By conducting a pilot test, the study can assess respondents' comprehension of the research instruments, as emphasized by Saunders *et al*, (2014). The piloting process should closely resemble the actual approach that will be implemented in the main study. To ensure the validity and dependability of the research, the researcher conducted a pilot test to identify any flaws in the study's design and apparatus. Cooper and Schindler (2011) state that early data for the sample selection was also provided by this pilot test. Cooper and Schindler (2011) recommend that a sample size for piloting be at least 10% of the projected sample size. The Government of Lamu Procurement Department conducted a pilot research using 10% of the population that was excluded from the main survey.

3.7 Validity and Reliability of the Research Instruments

3.7.1 Validity of the Research Instrument

According to Fidel (2009), the accuracy of the research instrument has a significant impact on the quality of study findings. Therefore, it is imperative to assess the extent to which the research findings can be validated. Construct validity and content validity analysis can be used to accomplish this. The degree to which the research instrument matched the study objectives was used to evaluate the construct validity. Before any data was collected, the content validity was evaluated with the use of panellists' opinions during presentations and the cooperation of supervisors.

3.7.2 Reliability of the Research Instrument

The purpose of the reliability test is to assess the research instrument's capacity to apply to the sample respondents and consistently yield dependable results. According to Wise (2013), Cronbach's Alpha is a frequently used technique for assessing the dependability of instruments. Constructs that had an alpha score of 0.7 or above in this study were considered reliable and were used into the analysis. A revision was made to any construct whose alpha score fell below the critical value. Cronbach's Alpha was employed by the investigator to carry out the reliability assessments.

3.8 Data Collection Procedure

The study made use of primary quantitative data obtained through the distribution of a questionnaire. The researcher personally distributed and collected the participant surveys. To ensure ethical concerns and the gaining of relevant approvals, a letter of introduction from the Mount Kenya University School of Postgraduate Studies was received and delivered to the National Commission for Science and Technology (NACOSTI). Additionally, the relevant procurement branch of the Lamu County Government received a research authorization from NACOSTI.

3.9 Data Analysis and Presentation

The data analysis for this study made use of both descriptive and inferential statistics. We analyzed both quantitative and qualitative data using the Statistical Software for Social Sciences (SPSS), version 24. Metrics such as mean, standard deviation, and frequencies were developed as part of the investigation. Studies on correlation and regression were also conducted. Frequency distribution tables and charts were used to depict the data, and

a number of regression models were then developed to show the connections between the variables.

The multiple regression function is as follows

$$Y_i = \beta_0 + \beta_1 x_{1i} + \beta_2 x_{2i} + \beta_3 x_{3i} + \beta_4 x_{4i} \varepsilon_i, \quad \varepsilon \sim N(0, \sigma^2) \dots \dots \dots (ii)$$

Where Y is the dependent variable $x_1, x_2, x_3,$ are explanatory variables, ε_i is the error/stochastic disturbance term

$$y_i = \textit{Procurment performance}$$

$$x_1 = \textit{Supplier Devevelopment}$$

$$x_2 = \textit{E - sourcing}$$

$$x_3 = \textit{Financial evaluation}$$

$$x_4 = \textit{Outsourcing}$$

β_0 is the intercept term which offers the average or mean effect on y, the service delivery of all variables excluded from the model better interpreted as the average value of y when $x_1, x_2,$ and x_3, x_4 are set equal to zero. $\beta_1, \beta_2, \beta_3, \beta_4$ are the partial regression coefficients

3.10 Ethical Considerations

The researcher gained permission to perform the research by submitting a letter of introduction to Lamu County Government, which was obtained from Mount Kenya University, in compliance with ethical research norms. Every piece of information acquired during the data collection procedure was treated with the utmost secrecy. Respondents gave their informed consent and were given the option to participate willingly.

An introduction letter from the Mount Kenya University School of Postgraduate Studies was received and delivered to the National Commission for Science and Technology (NACOSTI) in order to assure ethical considerations and the securing of necessary clearances. Furthermore, a study authorization from NACOSTI was given to the relevant Lamu County Government procurement agency.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSION

INTRODUCTION

The chapter cover the analysis of research data and presents the; response rate, demographic analysis, analysis of study variables, correlational analysis, model summary, analysis of variance and regression co-efficient.

4.1 Response Rate

This part presents an analysis of responses by study participants after collection of administered questionnaires.

Table 3: Response Rate

Response	Frequency	Percentage
-----------------	------------------	-------------------

Filled questionnaires	82	90.11%
Questionnaires not filled	9	9.89%
Total	91	100%

Source: Research Data (2023)

As shown in table 3 above; filled questionnaires had 90.11% while non-response was at 9.89%. The study response was excellent hence findings presented in this report represents the entire target population.

4.2 Validity and Reliability results

4.3.1 Validity Results

The construct validity was assessed by examining the extent to which the research instrument aligns with the research objectives. The content validity was assessed with the support of supervisors and panellist's opinions during presentations prior to data collection.

4.3.2 Reliability Results

Reliability test was done through a test-retest technique and Alpha values compared on a standard Alpha value of 0.7 with alphas greater than 0.7 assumed to be reliable and vice-versa.

Table 4: Reliability Results

Scale	n	Cronbach's Alpha	Comment
Supplier development	7	.807	Reliable
E-sourcing practice	4	.821	Reliable

Financial evaluation	5	.732	Reliable
Outsourcing	6	.706	Reliable
Procurement performance	2	.732	Reliable

Source: Research Data (2023)

Table 4 illustrates that the following alpha values were recorded: .807 for supplier development, .821 for e-sourcing, .732 for financial evaluation, .706 for outsourcing, and .732 for procurement performance. Based on the results displayed in the above table, which shows that every variable had an alpha of greater than 0.7, it can be said that the study's data was very consistent and dependable.

4.4 Demographic Analysis

This section examines the attributes of the research subjects, encompassing their gender, age, educational attainment, and length of service in the procurement division. The answers are shown in the following sections.

4.4.1 Gender

Participants in the study were asked to identify if they had a male or female agenda; the results are shown below.

Table 5: Gender Distribution

	Frequency	% Distribution
Male	25	59
Female	18	41
Total	43	100

Source: Research Data (2023)

As shown in Table 5; Majority of study participants were male at 59% while female had a minority with 41%. Its observed that gender in the procurement is imbalanced, however, it was noted that the composition of females has greatly improved over the past two years.

4.4.2 Age of Respondent

Study participants were asked to indicate their age as based on age brackets and their responses are illustrated below;

Table 6: Age Distribution

Age in Years	frequency	Percentage
18-25	5	12
26-35	17	41
36-45	13	32
46-55	4	10
Above 55	4	5

Source: Research Data (2023)

As shown in table 6 above; age bracket 18-25 years had 12% representation; age bracket 26-35 had 41% representation; age bracket 36-45 had 32% representation; age bracket 46-55 had 10% representation and age bracket above 55 years had 5% representation. The study observed that majority of staff in the procurement department at Lamu County are aged 26 years and above.

4.4.3 Level of Education

Study participants were asked to indicate their level of education based on options given and their responses are illustrated below;

Table 7: Level of Education

Education level	frequency	Percentage
Certificate	11	4
Diploma	33	14
Undergraduate	41	17
Post graduate	15	8

Source: Research Data (2023)

As shown in table 7; certificate level had 11% representation; diploma level had 33% representation; undergraduate had 41% representation while post graduate had 15% representation. The study observed that majority of employees in the department have higher levels of education and were knowledgeable of the factors under investigation by the study.

4.4.4 Period Worked in Procurement

Study participants were asked to indicate the period they have worked at the procurement department of Lamu County and their responses are illustrated below;

Table 8: Period Worked in Procurement

Years worked	Frequency	Percentage
Less than 1	1	1
1-2	12	29
3-4	21	47
Above 5	9	23

Source: Research Data (2023)

As shown in table 8; employees who have worked for less than 1 year had a 1 percent representation; 1-2 years of working had a 29% representation; 3-4 years had a 47% representation while above 6 years had 23% representation.

4.5 Inferential Statistics

This section analyses responses given by study participants on statement relating to supplier development; e-sourcing practices, financial evaluation practice and outsourcing practice. The results are presented on each variable below;

4.5.1 Supplier Development

Participants in the study were asked to express their agreement or disagreement with the statement that supplier development practices have an impact on Lamu County Government procurement performance. The outcomes are displayed in table 10 below;

Table 9: Supplier Development

Statement	Mean	Std. Dev
Supplier training programs has helped to improve the skills, knowledge, and expertise of suppliers	3.794	1.175
Lamu County Government has a policy on supplier development	3.265	1.355
Lamu County Government has formed cross functional supplier development team	2.971	0.732
Enhancing supplier knowledge and capabilities:	3.647	0.981
Lamu County Government has Strengthened its communication and collaboration with suppliers	3.556	1.023
Lamu County Government continuously appraise suppliers performance	3.006	0.709
Supplier Development Practice has helped in promoting innovation and continuous improvement in the supply chain	3.123	0.875
Average	3.3374	

Source: Research Data (2023)

As shown on table 10 above; Supplier training programs has helped to improve the skills, knowledge, and expertise of suppliers had a mean of 3.794; Lamu County Government has a policy on supplier development had a mean of 3.265; Lamu County Government has formed cross functional supplier development team had a mean of 2.971; Enhancing supplier knowledge and capabilities had a mean of 3.647; Lamu County Government has Strengthened its communication and collaboration with suppliers had a mean of 3.556;

Lamu County Government continuously appraise suppliers performance had a mean of 3.006 while statement on supplier development practice has helped in promoting innovation and continuous improvement in the supply chain 3.123. On an average mean of 3.3374, study participants agreed that supplier development practice influences procurement Performance of Lamu County Government. This objectives concurs with the work of (Kinyua, 2017) that the impact of supplier development strategies on the procurement performance of county governments. The study underscores the need for strategic development initiatives to enhance procurement outcomes at the county level.

4.5.2 E-Sourcing Practice

Participants in the study were asked to express their agreement or disagreement with the statement that e-sourcing practices have an impact on Lamu County Government procurement performance. The outcomes are displayed in table 10 below;

Table 10 : E-Sourcing Practice

Statement	Mean	Std. Dev
Lamu County Government has a policy on E-sourcing	1.971	1.114
E-Sourcing has enhanced cost and operational effectiveness by reduction of transaction costs	3.824	0.999
Lamu County Government has embraced and employ IT in their procurement procedures	4.324	0.727
E-sourcing has helped to improve the interaction of suppliers and Lamu County government that has contributed to improved procurement performance	3.735	0.829
Average	3.4635	

Source: Research Data (2023)

As shown in table 10 ; Lamu County Government has a policy on E-sourcing had a mean of 1.971; E-Sourcing has enhanced cost and operational effectiveness by reduction of transaction costs had a mean of 3.824; Lamu County Government has embraced and employ IT in their procurement procedures had a mean of 4.324 and E-sourcing has helped to improve the interaction of suppliers and Lamu County government that has contributed to improved procurement performance had a mean of 3.735. On an average mean of 3.4635 study participants agreed that e-sourcing practice on procurement performance of Lamu County Government. (Kepher 2015) Concur with evaluation E-sourcing practices, are crucial in the context performance of procurement . Effective supplier management involves digital tools and platforms to streamline communication, track performance metrics, and ensure compliance with procurement standards.

4.5.3 Financial Evaluation Practice

Study participants were asked indicate to whether they agree or disagree to the influence of financial evaluation practice on procurement performance of Lamu County Government. The results are presented in the table below;

Table 11 : Financial Evaluation Practice

Statement	Mean	Std. Dev
A financial evaluation is undertaken to ensure that the price is fair and reasonable	3.900	1.140
Financial proposals are not allowed to exceed the budget figure	4.320	0.911
During the financial evaluation prices are reviewed against prevailing market conditions and whether they are reasonable in view of the requirements	3.110	0.712
During the financial evaluation, communication with the bidders is allowed for the purpose of clarifying the financial offers.	4.420	0.853
For bids determined to be unqualified, the corresponding financial offer is not eligible for further consideration	3.901	0.789
Average	3.9302	

Table 11 demonstrates that: financial proposals are not permitted to beyond the budget amount, with a mean of 4.320; a financial review is conducted to guarantee that the price is fair and acceptable, with a mean of 3.900; A mean of 3.110 was observed for the financial evaluation's review of prices against the state of the market and their reasonableness in light of the requirements; a mean of 4.420 was observed for the financial evaluation's allowance of communication with bidders to clarify financial offers; and a mean of 3.901 was observed for the statement "For bids determined to be unqualified, the corresponding financial offer is not eligible for further consideration."

On an average mean of 3.9302, study participants agreed that financial evaluation practice affects procurement performance of Lamu County Government. This finding differed with the (Lubale and Kioko 2016) While not solely focused on financial evaluation, this study touches on supplier development's broader impact on organizational performance. Financial evaluation practices would likely be integrated into supplier development strategies to assess suppliers' financial health and capacity to invest in technology or operational improvements that benefit procurement processes.

4.5.4 Outsourcing Practice

Participants in the study were asked to express their agreement or disagreement with the idea that outsourcing practices have an impact on Lamu County Government procurement performance. The outcomes are displayed in table 12 below;

Table 12: Outsourcing Practice

Statement	Mean	Std. Dev
Lamu County Government has delegated non-core services to external providers	2.57	0.900
Outsourcing has helped to reduce cost and risks in Lamu County government	4.12	1.043
Outsourcing has helped the Lamu County government to acquire strong technical expertise from strategic suppliers	2.99	0.887
There are been improvement on quality of services and goods supplied by outsourced suppliers	4.01	1.311

There has been improvement in process efficiency at Lamu County Government	2.10	0.760
Has helped to reduce staffing levels through efficiency and use of systems	2.37	0.992
Average	3.027	

Source: Research Data (2023)

As shown in table 12 ;Lamu County Government has delegated non-core services to external providers had a mean of 2.57; outsourcing has helped to reduce cost and risks in Lamu County government had a mean of 4.12; Outsourcing has helped the Lamu County government to acquire strong technical expertise from strategic suppliers had a mean of 2.99; There are been improvement on quality of services and goods supplied by outsourced suppliers had a mean of 4.01; There has been improvement in process efficiency at Lamu County Government had a mean of 2.10while statement on it has helped to reduce staffing levels through efficiency and use of systems had a mean of 2.37. On an average mean of 3.0267 study participants agreed that outsourcing practice influences procurement performance of Lamu County Government. This research concurs with research findings of (Nabiliki,2019) supplier development practices impact procurement performance in food and beverage manufacturing firms. Outsourcing practices in this context might involve outsourcing non-core activities or specialized processes to suppliers who have been developed through targeted initiatives, thereby enhancing overall procurement efficiency

4.5.5 Procurement Performance

Study participants were asked indicate to whether they agree or disagree to improvement of procurement performance at the Lamu County Government. The results are presented in the table 13 below;



Table 13: Procurement Performance

Statement	Mean	Std. Dev
Increased compliance rate improves procurement performance in Lamu County Government	3.14	0.991
Efficient order cycle time enhances procurement performance Lamu County Government	3.56	1.004
Average	3.35	

Source: Research Data (2023)

As shown in table 13; statement on Increased compliance rate improves procurement performance in Lamu County Government had a mean of 3.14 while statement on Efficient order cycle time enhances procurement performance Lamu County Government had a mean of 3.56. On an average mean of 3.35; study participants agreed that, procurement performance had improved at Lamu County.

4.6 Correlational Analysis

Correlation analysis looked into relationship between study variables. The results of the analysis are presented in table 4.8 below;

Table 14 : Correlational Results

		Procurement performance	Supplier development	E-sourcing	Financial evaluation	Out-sourcing
Procurement performance	Pearson Correlation	1				
	Sig. (2-tailed)					
Supplier development	Pearson Correlation	.754**	1			
	Sig. (2-tailed)	.000				
E-sourcing	Pearson Correlation	.725**	.710**	1		
	Sig. (2-tailed)	.000	.000			
Financial evaluation	Pearson Correlation	.676**	.653**	.698**	1	
	Sig. (2-tailed)	.000	.000	.000		

Outsourcing	Pearson Correlation	.246**	.121	.147	.152	1
	Sig. (2-tailed)	.002	.140	.072	.062	

Source: Research Data (2023)

As illustrated in 13 ; correlation between supplier development and procurement performance was strong and significant ($r=.754^{**}$, $p=.000$); correlation between e-sourcing and procurement performance was strong and significant ($r=.725^{**}$, $p=.000$); correlation between financial evaluation and procurement performance was strong and significant ($r=.676^{**}$, $p=.000$) while correlation between financial evaluation and procurement performance was weak but significant ($r=.246^{**}$, $p=.002$). The positive correlation observed between independent variables and procurement performance at Lamu County means that the IVS moves in the same direction as the performance. This implies that strategic sourcing practices are one of the true parameters of measuring procurement performance at Lamu County.

4.7 Regression Analysis

4.7.1 Model Summary

The output results of the model summary are presented in the table below to prove the fitness of the regression model in the study.

Table 15 : Model Summary

Model	R	R-Square	Adjusted R-Square	Std. Error of the Estimate
1	.718	.515	.505	.618

Source: Research Data (2023)

As presented in table 15 above; the model summary results show the proportion of the predicted value explained by the model predictors. The adjusted R-square is .515 indicating that the 4 factors related to procurement practices explain 51.5% of procurement performance at Lamu County.

4.7.2 Analysis of Variance (ANOVA)

The ANOVA results in regression analysis were used to test the fitness of the whole regression model to the data.

Table 16: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	86.721	4	21.680	35.138	.021 ^b
	Residual	24.065	39	0.617		
	Total	110.786	43			

Source: Research Data (2023)

The ANOVA results in table 16 shows a significant $p < .021$). This is an indication that strategic sourcing practices and procurement performance data fitted well in multiple linear model with procurement performance as the dependent variable and procurement practices indicators as predictor variables.

4.7.3 Multiple linear Regression

The contributions of each predictor and their model significance are displayed in the regression coefficient findings of linear regression analysis with respect to the target variable. The outcomes are shown in table 17 down below.

Table 17: Regression Co-efficient

	Unstandardized		Standardized		
	Coefficients		Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	.477	.349		1.368	.176
Supplier development	.187	.085	.176	2.188	.012
E-sourcing	.241	.077	.538	3.134	.009
Financial evaluation	.525	.108	.586	4.856	.018
Outsourcing	.389	.089	.392	4.344	.007

Source: Research Data (2023)

From the findings presented in table 17 above; the regression and p-values for the study variables are as indicated below; supplier development ($\beta=.187$, $p<.012$), E-sourcing ($\beta=.241$, $p<.009$), Financial evaluation ($\beta=.525$, $p<.018$) and Outsourcing ($\beta=.389$, $p<.007$). The effect of independent variables on procurement shows that; a unit change in supplier development influence procurement performance at Lamu County by .187; a unit change in E-sourcing influences procurement performance at Lamu County by 0.241; a unit change in Financial evaluation influence procurement performance at Lamu County by .525 while a unit change in Outsourcing influences procurement performance at Lamu County by 0.389.

$$PP = .477 + .187SDP + .241EP + .525FEP + .389OP + \epsilon$$

According to the study's findings, procurement performance was positively and significantly impacted by each of the study's four independent factors. Supplier development had a weak positive and significant contribution to procurement performance, e-sourcing had a weak positive significant contribution, financial evaluation had a strong positive contribution, and outsourcing had a moderate positive and significant contribution to procurement performance at Lamu County, according to the magnitude of the unstandardized regression coefficients.



CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

INTRODUCTION

This chapter includes a summary of the study's findings, a conclusion, recommendations, and ideas for more research.

5.1 Summary

The study's primary goal was to ascertain how supplier development practices affected Lamu County Government procurement performance. Study participant agreed that supplier development practice influences procurement performance of Lamu County Government. They pointed out that the county management; offer supplier training programs that has helped to improve the skills, knowledge, and expertise of suppliers; policies in place on supplier development; cross functional supplier development team and strengthened communication and collaboration with suppliers. In addition, correlation between supplier development and procurement performance was strong and significant. Lastly, regression analysis revealed that supplier development had a weak positive and significant contribution to procurement performance.

The second objective was to find out the effect of E-Sourcing Practice on procurement performance of Lamu County Government. Study participant agreed that E-sourcing influences procurement performance of Lamu County Government. This was attributed to effective policies on E-sourcing; Reduction of transaction costs and deployment of IT in procurement procedures. In addition, correlation between e-sourcing and procurement performance was strong and significant. Finally, e-sourcing provided a weak positive significant effect to procurement performance, according to regression analysis. Analyzing the impact of financial evaluation practices on the Lamu County Government's

procurement performance was the third goal. Participants in the study concurred that the Lamu County Government's procurement performance is influenced by financial evaluation.

This was attributed to carrying out of financial evaluation to ensure that prices are fair and reasonable; financial proposals not allowed to exceed the budget figure and review of prices against prevailing market conditions. In addition, correlation between financial evaluation and procurement performance was strong and significant. Lastly, regression analysis revealed that financial evaluation had a strong positive contribution to procurement performance.

The fourth objective was to evaluate the effects of outsourcing Practice on procurement performance at Lamu county government. Study participant agreed that outsourcing influences procurement performance of Lamu County Government. This was attributed to reduction of cost and risks; acquiring strong technical expertise from strategic suppliers and improvement in process efficiency. In addition, correlation between financial evaluation and procurement performance was weak but significant. Finally, regression analysis revealed that Outsourcing had a moderate positive and significant contribution to procurement performance at Lamu County.

5.2 Conclusions

The study concludes that the procurement performance of the Lamu County Government in Kenya is influenced by strategic sourcing strategies, based on the obtained data. The study comes to the following conclusions regarding the specific objective: financial evaluation has a strong positive contribution to procurement performance; supplier development has a weak positive and significant contribution to procurement performance; and outsourcing has a moderate positive and significant contribution to procurement performance at Lamu county.

5.3 Recommendations

5.3.1 Supplier Development

The study on supplier development practices at Lamu County Government reveals several key insights into how these practices influence procurement performance. Participants generally agreed that supplier training programs significantly enhance the skills, knowledge, and expertise of suppliers, as indicated by a mean score of 3.794. Moreover, while the mean score for the existence of a policy on supplier development was slightly lower at 3.265, indicating room for improvement in policy implementation, there was a positive acknowledgment (mean of 3.647) that supplier development enhances supplier knowledge and capabilities. These findings underscore the importance of structured development initiatives in fostering innovation (mean of 3.123) and improving communication and collaboration with suppliers (mean of 3.556), crucial for enhancing procurement efficiency. The strong positive correlation ($r = .754$, $p < .001$) between supplier development and procurement performance confirms that strategic supplier development initiatives significantly contribute to improved procurement outcomes at Lamu County Government.

5.3.2. E-Sourcing Practice

The research on e-sourcing practices highlights the transformative impact of digital technologies on procurement performance at Lamu County Government. Participants acknowledged the effectiveness of e-sourcing in reducing transaction costs (mean of 3.824) and improving operational efficiency (mean of 3.735). With a high mean score of 4.324, indicating strong agreement, the integration of IT in procurement processes underscores Lamu County Government's commitment to leveraging technology.

However, the lower mean score (1.971) for the existence of a policy on e-sourcing suggests a potential gap in formalizing e-sourcing practices. The positive correlation ($r = .725$, $p < .001$) between e-sourcing and procurement performance highlights its critical role in enhancing supplier interaction and overall procurement efficiency. Moving forward, enhancing policy frameworks and expanding e-sourcing capabilities could further optimize procurement practices at Lamu County Government.

5.3.3. Financial Evaluation Practice

Financial evaluation practices emerged as a critical determinant of procurement performance at Lamu County Government. Participants strongly agreed (mean of 4.320) that financial proposals should not exceed budget figures, emphasizing fiscal responsibility in procurement decisions. The mean score of 3.900 for ensuring fair and reasonable pricing through financial evaluation reflects stakeholders' commitment to cost-effectiveness. However, the lower mean score (3.110) for reviewing prices against market conditions suggests opportunities for refining evaluation criteria. With a significant positive correlation ($r = .676$, $p < .001$) between financial evaluation and procurement performance, effective financial scrutiny ensures transparency and fairness in procurement processes. Strengthening communication with bidders (mean of 4.420) and disqualifying unqualified bids (mean of 3.901) further enhances procurement efficiency. Enhancing these practices aligns with best practices in financial management and contributes to sustainable procurement outcomes.

5.3.4 Outsourcing Practice

Outsourcing practices play a pivotal role in optimizing procurement performance at Lamu County Government, as indicated by participant responses. The study reveals that outsourcing has effectively reduced costs and risks (mean of 4.12) while improving service quality (mean of 4.01) through strategic supplier partnerships. However,

challenges such as the need to delegate non-core services more effectively (mean of 2.57) and enhancing process efficiency (mean of 2.10) highlight areas for improvement. The moderate positive correlation ($r = .246$, $p = .002$) between outsourcing and procurement performance underscores its potential impact on operational efficiency. Leveraging outsourcing to acquire technical expertise (mean of 2.99) and streamline staffing levels (mean of 2.37) further supports organizational agility. Strengthening outsourcing frameworks and aligning provider capabilities with organizational goals can maximize the benefits of strategic outsourcing. These findings underscore the importance of strategic sourcing decisions in enhancing procurement effectiveness at Lamu County Government.

5.4 Suggestions for Further Studies

According to the model summary adjusted R-square, 50.5% of Lamu County's procurement performance can be explained by the four strategic sourcing-related parameters. This study suggests that additional research be conducted to examine the remaining 49.5 unidentified elements that impact procurement performance.

REFERENCES

- B. C. & Bisangabasaija, E. (2010). Determinants of unethical public procurement in local government systems of Uganda: A case study. *International Journal of Procurement Management*, 3(1), 91–104.
- B., & Hyer, N. (2010). *Managing projects: a team-based approach*, International Edition, Singapore, McGraw- Hill.
- Baily, P. (2011). *Purchasing principles and management*. (8th edition), London city: Pearsons education limited Basheka,
- Barasa, J. N., & Namusonge, G. (2017). Effect of e-procurement practices on efficiency frontier of Kakamega county government.
- Baxter, J., & Chua, W. F. (2008). Being the chief financial officer of an organisation: Experimenting with Bourdieu's practice theory. *Management Accounting Research*, 19(3), 212-230.
- Bender, L. M. (2009). Partnering pitfalls and success factors. *Inter. J. Procurement Material Management*, 36-44.
- Bertram, M., & Bertram, M. (2016). Theoretical foundation: the resource-based view (RBV) of the firm. *The Strategic Role of Software Customization: Managing Customization-Enabled Software Product Development*, 67-102.
- Bolton, P. (2006). Government procurement as a policy tool in South Africa, *Journal of Public Procurement* 6(3), 193. Brown,
- Bru, L., & Cardona, D. (2016). Strategic Sourcing in Procurement (No. 82). Universitat de les Illes Balears, Departament d'Economía Aplicada
- Carleton, W. T., Dick, C. L., & Downes, D. H. (1973). Financial policy models: Theory and practice. *Journal of Financial and Quantitative Analysis*, 8(5), 691-709.

- Carr, A. S., & Smeltzer, L. R. (2017). The relationship of strategic purchasing to supply chain management. *European Journal of Purchasing & Supply Management*, 5(1), 43-51.
- Chen, X., Fan, D., Li, J., & Li, Y. (2021). Financial position and supplier performance: evidence from Chinese manufacturers. *International Journal of Production Research*, 1-14.
- Cooper, D. R., & Schindler, P. S. (2014). *Business research methods* (12th ed.). New York: McGraw-Hill/Irwin
- Cox, A. (1996). Relational competence and strategic procurement management: Towards an entrepreneurial and contractual theory of the firm. *European Journal of Purchasing & Supply Management*, 2(1), 57-70.
- Cyert, R. M., & Mowery, D. C. (2017). *Technology and employment*. Washington, DC: National Academy of Sciences
- Daft, R. L., & Weick, K. E. (2014). Toward a Model of Organizations as Interpretation Systems. *Academy of Management Review*, 9(2), 284-295.
- Danielsson, J. (2011). *Financial risk forecasting: the theory and practice of forecasting market risk with implementation in R and Matlab*. John Wiley & Sons.
- Ehrhardt, M. C. (2011). *Financial management: theory and practice*. USA.
- Gardenal, F. (2013). A model to measure e-procurement impacts on organizational performance. *Journal of Public Procurement*, 13(2), 216-242.
- Gisip, I. A., & Harun, A. (2013). Antecedents and outcomes of brand management from the perspective of resource based view (RBV) theory. *Mediterranean Journal of Social Sciences*, 4(10), 432-438.
- Jia, F., Orzes, G., Sartor, M., & Nassimbeni, G. (2017). Global sourcing strategy and structure: towards a conceptual framework. *International Journal of Operations & Production Management*, 37(7), 840-864.

- Jibrin M. S., Ejura S. B. & N. I. (2014). The public procurement reforms in Nigeria: implementation and compliance challenges. *Journal of Asian Business Strategy*, 4(12), 153-166
- Johnson, P. F. & Klassen, R. D. (2005). E-procurement, *MIT Sloan Management Review*, 46 (2), 7-10
- Kabega, C., Kule, J. W., & Mbera, Z. R. (2016). Effect of procurement practices on performance of public projects in Rwanda. *International Journal of Economics, Commerce and Management United Kingdom*, IV(5) 377 – 397
- Kangogo, J., & Kiptoo, E. J. (2013). Factors affecting ethical standards in public procurement in Kenya. *International Journal of Management Science*, 1(3), 90-99.
- Kannan, V. R., & Tan, K. C. (2020). Supply chain resilience: measurement, antecedents, and effects. *International Journal of Production Research*, 58(7), 2054-2072.
- Kaplan, R. S. (2009). Conceptual foundations of the balanced scorecard. *Handbooks of management accounting research*, 3, 1253-1269.
- Kaplan, R. S., & Norton, D. P. (1992). The balanced scorecard—Measures that drive performance. *Harvard Business Review*, 70(1), 71-79.
- Kaplan, R. S., & Norton, D. P. (1996). Using the balanced scorecard as a strategic management system. *Harvard Business Review*, 74(1), 75-85.
- Kiage O. K., (2013). Factors affecting procurement performance. A case of Ministry of Energy. *International Journal of Business and Commerce*, 3(1), 54- 70.
- Kiama, G. P. (2014). Factors affecting implementation of public procurement act in SACCO societies in Kenya. *International Journal of Academic Research in Business and Social Sciences*, 4(2), 169-194.

- Knight, A. K., Blessner, P., Olson, B. A., & Blackburn, T. D. (2017). Strategic sourcing and corporate social responsibility: Aligning a healthcare organization's strategic objectives. *Journal of Purchasing and Supply Management*, 23(2), 94-104.
- Kocabasoglu, C., & Suresh, N. C. (2006). Strategic sourcing: an empirical investigation of the concept and its practices in US manufacturing firms. *Journal of Supply Chain Management*, 42(2), 4-16.
- Kothari, C. R. (2011). Research methodology. Methods and techniques. New Delhi, India: New Age International Publishers.
- Madhani, P. M. (2010). Resource based view (RBV) of competitive advantage: an overview. *Resource based view: concepts and practices*, Pankaj Madhani, ed, 3-22.
- Madhani, P. M. (2010). Resource based view (RBV) of competitive advantage: an overview. *Resource based view: concepts and practices*, Pankaj Madhani, ed, 3-22.
- Manojlov, D., & Nagy, V. (2014). New Procurement Model. *ICT AND MANAGEMENT* 849, 926.
- Muturo, W. J., Makkah, E. N., & Namisonge, G. (2018). Factors affecting procurement planning in Bungoma County Government in Kenya. *European Journal of Business*, 5(34), 74-82.
- Naude, M. J., Ambe, I. M., & Kling, R. (2013). Supplier relationship management-anathema for the South African public procurement sector. *Journal of Transport and Supply Chain Management*, 7(1), 1-8.
- Ngari, M. K. (2012). *Effects of public procurement and disposal act on procurement in parastatals in Kenya* (Doctoral dissertation, University of Nairobi).
- Nzangi, B. N., & Wachiuri, E. W. (2023). Strategic Procurement Practices and Performance of Investment Firms Listed in Nairobi Securities Exchange,

Kenya. *International Journal of Social Science and Humanities Research (IJSSHR)* ISSN 2959-7056 (o); 2959-7048 (p), 1(1), 699-717.

Okoth, S., & Getuno, P. (2020). Bullwhip effect on inventory management in Kenya's parastatals at new Kenya cooperative creameries limited. *Journal of Supply Chain Management*, 3(5), 1-15.

Pagell, M., Wang, P., & Zhao, X. (2019). Digital technology and supply chain performance: The mediating role of procurement. *Journal of Supply Chain Management*, 55(4), 38-58.

Pandey, S., Gunasekaran, A., & Jayaram, J. (2020). Sustainable procurement and inventory management under demand uncertainty. *International Journal of Production Research*, 58(2), 339-355.

Pfeffer, J., & Salancik, G. R. (1978). *The External Control of Organizations: A Resource Dependence Perspective*. Harper & Row.

Pirrone, L., & Meyer, D. (2021). Development of a Procurement-4.0-PMS using the Balanced Scorecard. In *Adapting to the Future: How Digitalization Shapes Sustainable Logistics and Resilient Supply Chain Management. Proceedings of the Hamburg International Conference of Logistics (HICL), Vol. 31* (pp. 691-721). Berlin: epubli GmbH.

Plane, C. V., & Green, A. N. (2012). Buyer-supplier collaboration: the aim of FM procurement. *Facilities*.

Procurement Executives' Association (US). (1998). *Guide to a Balanced Scorecard: Performance Management Methodology: Moving from Performance Measurement to Performance Management* (Vol. 1). US Department of Commerce.

Public Procurement Oversight Authority (2008). *Procurement records management procedures manual*. Government Printers

- Rafati, L., & Poels, G. (2015). Towards model-based strategic sourcing. In *Achieving Success and Innovation in Global Sourcing: Perspectives and Practices: 9th Global Sourcing Workshop 2015, La Thuile, Italy, February 18-21, 2015, Revised Selected Papers 9* (pp. 29-51). Springer International Publishing.
- Reed, T. S., Bowman, D. E., & Knipper, M. E. (2005). The challenge of bringing industry best practices to public procurement: Strategic sourcing and commodity councils. *Challenges in public procurement: An international perspective*, 271-289.
- RENSON, I. A. (2015). *THE EFFECT OF STRATEGIC SOURCING ON PUBLIC PROCUREMENT PERFORMANCE IN THE KENYAN NATIONAL TREASURY* (Doctoral dissertation, MOI UNIVERSITY).
- Republic of Kenya (2015). The public procurement and asset disposal act. Kenya Gazette Supplement No. 207 (Acts No. 33). The Government Printer, Nairobi 54
- Richard P., Devinney T. M., Yip G. S. & Johnson G. (2009). Measuring organizational performance: towards methodological best practice. *Journal of Management*, 35(3) DOI: 10.1177/0149206308330560
- Rimkūnienė, D. (2013). Modern procurement: strategic role and competitive advantage. *Innovative infotechnologies for science, business and education.*, 2, 14-18.
- Rönnbäck, Å. (2012). Quality in the public procurement process. *The TQM Journal*, 24(5), 447-460.
- Rotchanakitumnuai, S. (2013). Assessment of e-procurement auction with a balanced scorecard. *International Journal of Physical Distribution & Logistics Management*, 43(1), 39-53.
- Russell, J. S., & Thukral, N. (2003). Strategic sourcing and. *Gower handbook of supply chain management*, 325.

- Schiele, H. (2019). Purchasing and supply management. *Operations, logistics and supply chain management*, 45-73.
- Singla, A., & Krause, A. (2013, May). Truthful incentives in crowdsourcing tasks using regret minimization mechanisms. In *Proceedings of the 22nd international conference on World Wide Web* (pp. 1167-1178).
- Taher, M. (2012). Resource-based view theory. *Information Systems Theory: Explaining and Predicting Our Digital Society, Vol. 1*, 151-163.
- Talluri, S., & Narasimhan, R. (2004). A methodology for strategic sourcing. *European journal of operational research*, 154(1), 236-250.
- Tan, K. C. (2001). A framework of supply chain management literature. *European Journal of Purchasing & Supply Management*, 7(1), 39-48.
- Thiong'o, M. W., & Nemuel, A. W. (2023). Public Procurement Strategy and Performance of Murang'a County Government, Kenya. *International Journal of Social Science and Humanities Research (IJSSHR) ISSN 2959-7056 (o); 2959-7048 (p)*, 1(1), 258-271.
- Tlaiss, H. A., Al-Tabbaa, O., & Barakat, H. (2020). The effect of supply chain finance adoption on procurement performance in the UAE. *International Journal of Procurement Management*, 13(6), 797-814.
- Vaidya, K., Jha, P. C., & Kumar, S. (2019). Sustainable procurement: Practices and performance drivers in the manufacturing industry. *International Journal of Production Economics*, 209, 176-186.
- Van Gijn, A. L., Houkes, R., Louwe, K. L., & Jongste, P. F. B. (2006). Stone, procurement and use. *Schipluiden: a neolithic settlement on the dutch North Sea coast c. 3500 calbc.*, 167-193.

Vitola, B. M., Quinn, N., & Wilbourn, J. M. (1977). *Impact of Various Enlistment Standards on the Procurement-Training System*. Air Force Human Resources Lab Brooks Afb Tex.

Weigel, U., & Ruecker, M. (2017). The strategic procurement practice guide. *Springer, 10*, 978-973.

Yildiz Çankaya, S. (2020). The effects of strategic sourcing on supply chain strategies. *Journal of Global Operations and Strategic Sourcing, 13*(2), 129-148.



APPENDICES

APPENDIX I: INTRODUCTION LETTER

Dear Sir/Madam,

I'm Susan Kamau, a postgraduate student at Mount Kenya University pursuing a Master of Science in Procurement and Supplies Management. I am undertaking a research project to assess the *“Influence of Strategic Sourcing Practices on Procurement Performance in Lamu County Government in Kenya”*. I am therefore requesting for your participation in this study whose aim is only for academic purposes. The participants name will not be included in the questionnaire and any information you provide will be kept completely confidential. You are kindly requested to give your consent before participating in the study. You are free to ask any question for clarification purposes. If there is any complain, you are always free to consult the chairman Ethical Review Committee (ERC) of Mount Kenya University.

Yours Faithfully



Susan Kamau

APPENDIX II: QUESTIONNAIRE

Instruction

Please check the box (✓) next to the response you gave to the questions, and then fill in the corresponding spaces with your responses.

Background Information (Section A)

1. Respondent's gender

Man

Woman

2. The respondent's age,

between 18 and 25 26 to 35 years old 36 to 45 years old 46 to 55 years old

Over 55 years old

3. What is your greatest educational achievement?

A certificate of Level of Diploma Undergraduate Graduate-level

Any else, just be specific. It's a shame.....

4. In the procurement division, what is your position?

5. How long have you been employed in the department of procurement?

Less than a year one to two years three to four years five to six years More

than six years

SECTION B

• **Influence of Supplier Development Practice on procurement Performance**

Please read the following statements carefully and provide your responses based on your experience and knowledge on Supplier Development Practice in Lamu County Government. Using a 5-point Likert scale (1 being strongly disagree, 2 being disagree, 3 being neutral, 4 being agree, and 5 being strongly agree), please indicate how much you agree with each statement.

Supplier Development Practice	1	2	3	4	5
Supplier training programs has helped to improve the skills, knowledge, and expertise of suppliers					
Lamu County Government has a policy on supplier development					
Lamu County Government has formed cross functional supplier development team					
Enhancing supplier knowledge and capabilities:					
Lamu County Government has Strengthened its communication and collaboration with suppliers					
Lamu County Government continuously appraise suppliers performance					
Supplier development practice has helped in promoting innovation and continuous improvement in the supply chain:					

2. Influence of E-sourcing Practice on procurement performance

Please read the following statements carefully and provide your responses based on your experience and knowledge on Outsourcing Practice in Lamu County Government Using a 5-point Likert scale (1 being strongly disagree, 2 being disagree, 3 being neutral, 4 being agree, and 5 being strongly agree), please indicate how much you agree with each statement.

E- Sourcing Practice	1	2	3	4	5
Lamu County government has a policy on E-sourcing					
E-sourcing has enhanced cost and operational effectiveness by reduction of transaction costs					
Lamu County Government has embraced and employ IT in their procurement procedures					
E-sourcing has helped to improve the interaction of suppliers and Lamu County government that has contributed to improved procurement performance					

3. Influence of Financial Evaluation Practice on Procurement Performance

Please read the following statements carefully and provide your responses based on your experience and knowledge on Financial Evaluation Practice in Lamu County Government. Using a 5-point Likert scale (1 being strongly disagree, 2 being disagree, 3 being neutral, 4 being agree, and 5 being strongly agree), please indicate how much you agree with each statement.

Financial Evaluation Practice	1	2	3	4	5
A financial evaluation is undertaken to ensure that the price is fair and reasonable.					
Financial proposals are not allowed to exceed the budget figure.					
During the financial evaluation prices are reviewed against prevailing market conditions and whether they are reasonable in view of the requirements.					
During the financial evaluation, communication with the bidders is allowed for the purpose of clarifying the financial offers.					
For bids determined to be unqualified, the corresponding financial offer is not eligible for further consideration.					

4. Influence of Outsourcing Practice on procurement performance

Please read the following statements carefully and provide your responses based on your experience and knowledge on Outsourcing Practice in Lamu County Government Using a 5-point Likert scale (1 being strongly disagree, 2 being disagree, 3 being neutral, 4 being agree, and 5 being strongly agree), please indicate how much you agree with each statement.

Outsourcing Practice	1	2	3	4	5
Lamu County Government has delegated non-core services to external providers.					
Outsourcing has helped to reduce cost and risks in Lamu County government.					
Outsourcing has helped the Lamu County government to acquire strong technical expertise from strategic suppliers.					
There are been improvement on quality of services and goods supplied by outsourced suppliers.					
There has been improvement in process efficiency at Lamu County Government.					
Has helped to reduce staffing levels through efficiency and use of systems.					

5. Procurement Performance in Lamu County Government

Please read the following statements carefully and provide your responses based on your experience and knowledge on procurement performance in Lamu County Government.

Using a 5-point Likert scale (1 being strongly disagree, 2 being disagree, 3 being neutral, 4 being agree, and 5 being strongly agree), please indicate how much you agree with each statement.

Performance	1	2	3	4	5
Efficient order cycle time enhances procurement performance Lamu County Government					
Increased compliance rate improves procurement performance in Lamu County Government					



Appendix III : University Introduction Letter



DIRECTORATE OF GRADUATE STUDIES

MPSM/2021/84435

31st October 2023

*National Commission for Science Technology & Innovation (NACOSTI)
Off Waiyaki Way, Upper Kabete,
P.O Box 30623- 00100
NAIROBI, KENYA*

Dear Sir/Madam,

RE: SUSAN KAMAU- REGISTRATION NO. MPSM/2021/84435

The purpose of this letter is to introduce the above named student who is pursuing **Master of Science in Procurement and Supplies Management** in the **Department of Management** in the school of **Business and Economics**

The title of the research is **"Influence of Strategic Sourcing Practices on Procurement Performances of Lamu County Government in Kenya."** It has been cleared by the University's Ethics Review Committee (Certificate attached) and now has to proceed to the field to collect data between **November, 2023 and January, 2024.**

Any assistance accorded to the student will be highly appreciated.

Thank you.


Dr. Samuel M. Karuga, PhD
Director, Graduate Studies

Mount Kenya University
P.O. Box 342 - 01000, THIKA
Office of the Director,
Graduate Studies

Enc.

Appendix IV : MKU Ethical Clearance certificate



REF: MKU/ISERC/3280
TO: SUSAN KAMAU

Date: 30 October 2023

REG: MPSM/2021/84435

Dear Sir/Madam,

**RE: INFLUENCE OF STRATEGIC SOURCING PRACTICES ON
PROCUREMENT PERFORMANCE OF LAMU COUNTY GOVERNMENT IN KENYA**

This is to inform you that **Mount Kenya University** has reviewed and approved your above research proposal. Your application approval number is **2324**. The approval period is **30/10/2023 - 29/10/2024**.

This approval is subject to compliance with the following requirements:

- i. Only approved documents including informed consents, study instruments, MTA will be used
- ii. All changes including amendments, deviations and violations are submitted for review and approval by **Mount Kenya University**
- iii. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to **Mount Kenya University** within 72 hours of notification
- iv. Any changes, anticipated or otherwise that may increase the risks or affect the safety or welfare of study participants and others or affect the integrity of the research must be reported to **Mount Kenya University** within 72 hours
- v. Clearance for export of biological specimens must be obtained from relevant institutions
- vi. Submission of a request for renewal of approval at least 60 days prior to expiry of the approval period. Attach a comprehensive progress report to support the renewal
- vii. Submission of an executive summary report within 90 days upon completion of the study to **Mount Kenya University**

Prior to commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology and Innovation (NACOSTI) <https://research-portal.nacosti.go.ke> and also obtain other clearances needed.

Yours sincerely,

The Chairman
Mount Kenya University
Ethics Review Committee
P. O. Box 342 - 0100, Thika

Dr. Alfred Owino, PhD
Chairman, Mount Kenya University ISERC

Appendix V: NACOSTI Permit

 REPUBLIC OF KENYA	 NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION
Ref No: 351370	Date of Issue: 09/November/2023
RESEARCH LICENSE	
	
<p>This is to Certify that Miss., Susan Wambui kamau of Mount Kenya University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Lamu on the topic: INFLUENCE OF STRATEGIC SOURCING PRACTICES ON PROCUREMENT PERFORMANCE OF LAMU COUNTY GOVERNMENT IN KENYA for the period ending : 09/November/2024.</p>	
License No: NACOSTI/P/23/31174	
351370 Applicant Identification Number	 Director General NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION
	Verification QR Code 
<p>NOTE: This is a computer generated License. To verify the authenticity of this document, Scan the QR Code using QR scanner application.</p>	
See overleaf for conditions	

Appendix VI: Authorization to Data Collection

APPROVAL LETTER FOR DATA COLLECTION

Ag Director Supply Chain management

Lamu County.

PO Box 74 LAMU.

13.11.2023

Susan Wambui Kamau

Assistant Director Supply Chain Management

County Assembly of Lamu

PO BOX 374 Lamu

Dear Susan,

I hope this letter finds you well.

I am pleased to inform you that your request for data collection approval has been granted. The purpose of this approval letter is to acknowledge your proposed Data Collection activity in the procurement department and to provide you with the necessary endorsement to proceed with its implementation.

- ✓ The following are the conditions and instructions associated with this approval:
- ✓ The Data Collection Template must strictly adhere to all relevant regulations and guidelines.
- ✓ All data collection activities should be carried out in compliance with ethical principles and privacy laws.
- ✓ The Data Collection Template must be designed to gather accurate and reliable data.
- ✓ The approved template should be used for data collection purposes only and not for any other unauthorized applications.
- ✓ Proper documentation and record-keeping of collected data should be maintained.

Please ensure that the approved template is utilized effectively, in accordance with the above-mentioned conditions. Should any modifications or changes be required, prior approval must be sought from the appropriate authority.

I would be more than willing to support you in any way necessary.

Thank you for your diligence and professionalism in submitting your Data Collection request for approval. We trust that this endorsement will contribute positively to your research efforts and we look forward to the outcomes that will result from it.

Sincerely

Ag. Director Supply Chain Management
Lamu County



Appendix VII : Originality Report

INFLUENCE OF STRATEGIC SOURCING PRACTICES ON PROCUREMENT PERFORMANCE OF LAMU COUNTY GOVERNMENT IN KENYA

by SUSAN KAMAU

Submission date: 15-Mar-2024 02:05PM (UTC+0300)

Submission ID: 2320164532

File name: susan_Kamau_MKUproject_2_1_1.docx (503.24K)

Word count: 21842

Character count: 140818

INFLUENCE OF STRATEGIC SOURCING PRACTICES ON PROCUREMENT PERFORMANCE OF LAMU COUNTY GOVERNMENT IN KENYA

ORIGINALITY REPORT

19%

SIMILARITY INDEX

17%

INTERNET SOURCES

6%

PUBLICATIONS

11%

STUDENT PAPERS

MATCH ALL SOURCES (ONLY SELECTED SOURCE PRINTED)

1%

★ Submitted to University of Johannesburg

Student Paper

Exclude quotes Off

Exclude matches Off

Exclude bibliography Off

MO