Effect Of Procurement Tendering Management On Performance Of Vendors In Nyamira County, Kenya

Jared Bosire Momanyi and Dr. Anthony Osoro

Jomo Kenyatta University of Agriculture and Technology

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I. INTRODUCTION

Purpose: This study explored the effect of procurement tendering management on performance of vendor in Nyamira County, Kenya. The study is anchored on different theories relevant to specific objectives in this study.

II. STATEMENT OF THE PROBLEM

In a quite some time now, procurement tendering management has been facing a problem in many ways. Procurement tendering management has a lot of weaknesses hence bringing about loss of value for money and general compromised integrity and vulnerability to entire procurement tendering management. Vendors control management, risk management, legal jurisdiction and payment management is greatly affected if not well managed in the procurement tendering management (Mutai & Osoro, 2021). Integrity is a global problem and inadvertently lends to loss of a lot of funds through bribery, bureaucracy, corruption and efficiency in public procurement. In Kenya, the Public Procurement and Asset Disposal Act (PPAD) Act 2015 sought among other things to promote competition, integrity, free and fairness of procurement and asset disposal procedures, increase transparency and accountability in the procurement tendering management, to increase public participation and confidence in the procedures Public Procurement Regulatory Authority 2020. This study sought to address the causes and validity of stakeholder concerns, and fill the gap by conducting a study to determine effect of procurement tendering management on performance of vendors in Nyamira County, Kenya. In view of the foregoing, this study was done in the Kenyan context so as to bridge the existing gap with the new knowledge as a result of this study.

2.2.1 Agency Theory

The agency theory clarifies reasons why some conduct or choices shift when shown by a group of individuals. The idea was crafted by Adolf Augustus Berle and Gardiner Means in 1932 when they discovered the issues of the agent and principle. They researched the ideas of agency and how they applied in the improvement of enormous foundations. They found the interests of managers of a specific firm contrast from those of the proprietor of the firm, and applied the ideas of agency principle to clarify the beginning of those contentions (Phillips, 1997). The theory clarifies the connection between the principles that distributes work to someone else who is known as the agent. It clarifies their disparities in practices or choices by understanding that the two gatherings often have various objectives and free of their separate objectives may have various mentalities towards hazards. The theory discloses how to best arrange connections in which one gathering distribute the work while another gathering accomplishes the genuine work. In such manner, the principle looks for an agent to finish the work which they can’t do (Murtishaw & Sathaye, 2006).

According to Ross (1973), the theory, all parties are driven by self-interest and it is assumed, dooms agency theory to inevitable inherent disputes. This suggests that if the parties are motivated by self-interest, the contacted actors are likely to be motivated by self-interested purposes which are not in the best interest of the principal, leading to disagreement since their objectives have become too significantly different. The agents are expected to conduct only in the collective interest of their principals. In the informed manner of the risk-sharing research popular in the 1960s and 1970s, Jensen and Meckling formed Berle and Means’ work to develop agency theory as a standardized framework (Armitage & Conner, 1999).

By arguing that companies are organized to minimize the cost of having agents to pursue the principals' wishes (Reed, 1999). The agency theory suggests that multiple actors in a situation with the same goals should have various motives, and therefore these motivations can manifest in a myriad of contexts. It argues that there will always be partial objective conflict among parties, that efficiency and effectiveness are tightly connected, and that statements amongst principals and agents will always be imbalanced. This theory has been used in a spectrum of perspectives, and I have experimented with it. Government, finance, economics, economy, and advertising are representations of such disciplines (Locke & Latham, 1990). The agency theory is thought to be relevant for this in order to understand the effect of tender risk management on procurement tendering management.
on performance of Nyamira County, Kenya, hence it gives a theoretical background for this study.

2.2.2 Game Theory

Many economic decisions involving more than one actor like buyer and supplier lead to the formation of a sequential, strategic game that involves expectation by one player of the other player's actions (Ajzen, 2012). Games like Prisoner's Dilemma have been used to showcase how significant number of people between two main characters increases the possibility of cooperative engagement. This is because interpersonal interactions enable people get to know one another, establish confidence, and counter the insufficient knowledge about the party's likely actions that is available in a specific contact.

And if the other party's intentions are unknown in a one-off contact, the theory predicts that both actors will fight to maximize their individual value (Eisenhardt, 1989). Based on the aforementioned foundation, the integrated supply chain management approach's basic assumptions are that the actors are logical and reasonable but may face information overload problem, and that the actors are self-interested utility maximizers who will cooperate though the continuous interaction under which greater overall gains can be actually realized. This rationale has been deployed in the integrated supply chain management literature to acquire an understanding of how buyers and suppliers might well be encouraged to collaborate over time and innovate to produce a greater pool of value rather than fighting over a fixed pool of value (Lefrancois, 2000). The idea that customers and suppliers should be trusting and transparent with one another, providing information through methods like open book costing to signify their commitment and future plans, is a critical component of this approach. As a result, the study employs game theory to determine the effect of procurement tendering management on performance of vendors in Nyamira County, Kenya.

2.2.3 Tendering Theory

Douglas (2003), who observed that referred tendering theory can also be seen as merely a procedural or standard theory rather than a concise or constructive one. Tendering theory, as shown by this claim, is nothing other than a paradigm of rational behavior, and rationality, according to this claim, it is a fundamental principle. Seeing as the approach of tendering theory, like almost all other social science theories, will be universal theories insensitive to the clarification of real behavior. According to Armitage and Conner (1999), tendering theory is not only about how tendering can be done, but also about outcomes which if accomplished would have consequence that can be observed, checked, confirmed, or falsified, whether aimed for or postulated as an axiom. As a result, the a priori statement that theories like tendering theory, which stipulate rationality and can be expressed in a normative manner as decision laws, cannot also be descriptive or optimistic is invalid. Such an assertion must be based on empirical evidence.

The reasoning for this statement is that it largely acknowledges that infringements of fair conduct will result in penalties. Only logical behavior or, more precisely, burning sensation, has a chance of succeeding in the market (Jensen & Meckling, 1976). The main difference between tendering theory and decision analysis theory commonly known as decision theory is that tendering theory can help with universal optimization, while decision theory promotes using testing techniques to manipulate any single objective function, regardless of its functional type (Armitage & Conner, 1999). This study thus used Tendering Theory to establish the effect of tender control on performance of vendors in Nyamira County, Kenya, hence giving a theoretical background of this study.

2.3.1 Tender Risk Management

Tendering is a Procurement Procedure whereby potential Suppliers are invited to make a Firm and unequivocal offer on the price and terms in which they will supply specified goods, Services or works which on acceptance shall be the basis of a subsequent contract (Habib & Hasan, 2017). Tendering is based on the principles competitiveness, fairness and accessibility, transparency, openness and probity. Internationally, all Public entities are subjected to open tendering by law so as to prevent fraud, waste, unethical practices or local protectionism (global trade negotiation 18th Dec. 2006). Tendering language in Botswana is very similar to that employed by the World Bank. The Botswana Ministry of Finance is the ministry responsible for government procurement of consulting work. Although in the past the rules concerning procurement were very complicated and open to conflicting interpretations, in 2001 these rules were simplified and consolidated under one law (Chang & Lin, 2019).

The tendering cycle, where uncertainties are considered and incorporated to the contract value, that's where a large part of the project cost is completed. Hazards have generally been either not managed at all or quantified as a percent of the value of the contract, as per various research which have been carried out (Setiaiwati & Wahyono, 2017). Nonetheless, this perspective has changed over the decades, indicating that many more than half of contractors still don't really employ any formalized risk assessment techniques all throughout procurement procedure. Contractors should embrace systematic methodologies to make more accurate projections considering the importance of tender risk management in the procurement procedure. Structured management systems can make the difference between failure and success in the construction business, that's becoming more intricate. In order to effectively and efficiently store and process the available information, extremely sophisticated projects and an increased amounts of information involve the implementation of structured and formal methodologies. The adoption of computer software tools to manage these approaches is advocated (Cundell, Guilfoyle, Kreil & Sawant, 2020).

Contractors should be motivated and encouraged to embrace structured risk management practices and develop more awareness about their predictions through using of the tools. However, Daulay and Sapura (2019), reveal that there are few tender risk management support tools available, while those who are readily accessible have significant shortcomings. As little more than a result, constructing a support tool that is precisely tailored to the organizational requirements for tender risk management in the procurement tendering management could be a feasible option. The fact that tender risk management is essential not only for the success of a single project but for the overall company necessitates additional investigation.

2.3.2 Tender Control
There are several main steps that are mostly used in the tender control process (Guo, Liu & Peng, 2017). First, Tender control process is determined: the organization requesting the tender will determine the type of tender that will be used, as well as what will be involved in the tender process. Second, request for tender is prepared: the request for tender outlines what is required, the contractual requirements and how you should respond. Thirdly, tenders are invited: the value, complexity and business category determines how tenders are invited. Fourthly, suppliers respond: you should first obtain all relevant documentation. At this stage it’s important to attend any pre 14 tender briefing sessions being conducted, clarify any uncertainties, plan your response, prepare your response and submit your response in the right format, on time and at the right location. Other stages are fifth stage, this is the stage of evaluation and selection: each tender will be checked for compliance, and if compliant, then evaluated against the criteria specified in the tender documentation. The tender that offers best value for money will win the business. Six, involves notification and debriefing: when a contract has been awarded, the successful tenderer will be advised in writing of the outcome. Unsuccessful tenderer are also advised and offered a debriefing interview. Finally, contracts established and managed: generally a formal agreement will be required between the successful tenderer and the relevant agency. This study aimed at investigating factors that makes this process ineffective (Grant, 2020).

According to Hussein and Makori (2018) the Public Procurement and Disposal Act 2005 section 45(1), it states what should be kept and maintained in tendering process. Procurement records shall be kept by all Public Procurement entities. Procurement entity shall keep records for each procurement for at least six years after the resulting contract was entered into or, if no contract resulted after the procurement proceedings were terminated. The records for procurement must include the description of the goods, works or services being procured, if a procedure other that open tendering was used, the reasons for doing so, Copy of the advertisement as it appeared in the newsletter or publication, the name and address of the person marking the submission, the price and the summary of the other terms and conditions of the tender, proposal or quotation, a summary of the evaluation and Comparison of tenders, proposals or quotations, including the evaluation criteria used, if the Procurement proceedings were terminated without resulting in a contract, the explanation of Why they were terminated, a copy of every document the act requires the procuring entity to Prepare and such other information or documents as are prescribed (Ongeri, & Osoro, 2021). Keeping the above record are vital because after a contract has been awarded or the Procurement proceedings have been terminated, the procurement entity shall on request, Make the records available for the procurement available to a person who submitted the Tender, proposal or quotation or, if direct procurement was used, a person with whom the Procurement 23 entity was negotiating. The procurement entity may charge a fee for making the Records available but the fee shall not exceed the costs of making the records available.

### 2.3.3 Procurement Practices

Unethical practices in Public Procurement was also facilitated by the lack of transparency in the system; the applicable procedures were invariably inaccessible to the public according to Parilla and Abadilla (2021), make matters worse, Kenyan law does not prohibit public officials from participating in private enterprise. Indeed, the civil service is by far the most important launching pad for businessmen in Kenya as it gives senior government officials and politicians access to public resources, such as lucrative public procurement contracts. The participation of public officials in private enterprise has thus been a key source of corruption in public procurement, since the rules established to guard against conflicts of interest have invariably been breached (Ongeri, & Osoro, 2021). Procurement procedure are part of the procurement process which relate to the guidelines for acquiring of appropriate goods and services at the best possible cost to meet the needs of the organization in terms of quality, quantity, time and location.

According to Payne and Petrenko (2019), they viewed procurement practices as the sequential steps or techniques for getting a task done while Wanjiku and Mwangangi (2018) stated that procurement practices involves decision making where the authority in charge of the process compares several purchase requisitions that have been sent in reaction to a necessity, against pre-determined conditions prior to picking one or denying all of them. During bid evaluation, each offer must be carefully considered, on an equal basis, against the published evaluation criteria. The process must follow the approach and methodology set out in the procurement documents. The evaluation panel must determine the best 8 supplier based on the information provided by suppliers in their offer. The evaluation should take into account capability, capacity and value for money over the whole-of life of the procurement. While Ongeri, and Osoro, (2021), measured procurement practices into specification definition, bid invitation, bid evaluation and contract negotiation. In this study, procurement practices measured through tendering practices, supplier assessment and material control. The indicators of tendering practices will be; open tendering, restricted tendering, competitive tendering and single source tendering. Supplier assessment was measured by supplier capacity, turn-around time, and supplier consistency and supplier competency. Material control practices was measured by; inventory quantity levels, inventory planning control system, material handling and storage and physical distribution.

According to Wanjiku and Mwangangi (2018) training is the process of acquiring knowledge and skills by the Team who participate in the public tendering process for efficient and effective service delivery. Through training participants acquire new sets of values and attitudes. The appreciation of their inherent but untapped potential and reinforce their self-confidence and sense of autonomy as opposed to dependency. For any project to be implemented successfully people involved must be trained. The training offered must be of quality to ensure effective implementation of tendering process. If this is lacking then the tendering process will be adversely affected (Mkonu and Gichana, 2019). According to the Public Procurement and Disposal Act 2005 section (7) procurement shall be staffed with procurement professionals whose qualifications have been recognized by the authority. The authority shall facilitate the establishment of an examination body for procurement professionals and shall ensure support for their professional association. These means that learning is knowledge and...
knowledge is power (Mohammad & Akram, 2017). This study aimed at investigating whether road constructing agencies trained their staff and the influence of the training on effectiveness of tendering process.

2.3.4 Information and Communication Technology

Information processing and communication technologies can range from the traditional modes to the modern internet-based and electronic technologies. The traditional methods include modes like face-to-face communication, telephone call, postal mails, courier services, memos, extension phones and many others. These modes, however traditional, are important depending on the size of organization and the kind relationship and activities carried out between the organization and its customers like suppliers (Mkonu and Gichana, 2019). The application of ICT, both within and between organization provide opportunities for improvement in the data storage, analysis and communication in many areas of procurement activities. The increased speed of transmission of data can shorten lead-times and bring about improvement in the synchronization of activities at different points in the supply chain. ICT reduces the duplication of data generation and the volumes of paperwork hence reduction in costs. Electronic exchange of information can lead to improvements in both the efficiency and effectiveness of procurement. ICT has opened up possibilities that could not have not been available. It has changed what people do and has altered the environment for decision making. ICT systems can be both internal and external connectivity to an organization. Internal technologies link various points of an organization with restricted access to information. External technologies on the other hand link other organizations like suppliers and partners in the supply chain. Information sharing over these two categories of technology is on the platform of agreement on what to be shared and what not to be shared. The internal and external technologies include intranets, extranets and internet-based technologies (Möller & Halinen, 2017).

In order to meet today’s operating challenges, managers are turning to ICT to enhance the services for clients, businesses and visitors, and improve internal efficiencies by lowering costs and increasing productivity. The executives are implementing scalable communication infrastructures to enhance economic development, draw new customers and businesses, and above all, offer excellent services to consumers (Muhalia, Ngugi & Moronge, 2021). According Mumelo, Oduyo and Onidite (2017) in Kenya, manual systems are a cause of key inefficiencies in regulation and operations of the function. ICT needs to be adopted to ensure proper functioning of the procurement system. This does not only involve computerization of the system but scaling communication technology. With globalization and internet connectivity, there is need to upscale the function in Kenya. The old methods of doing business consist of buyers managing forecasts and communicating requirements to suppliers via phone, fax and e-mail. Spreadsheets and manual reports are passed between the trading partners. These manual processes are slow and cumbersome. They cannot support today’s demand-driven enterprises. According to Ongeri and Osoro (2021), supply chain procurement professionals spend too much time “putting out fires” and reacting to daily problems. They cannot seem to find the time to develop strategic relationships with suppliers and deploy improved business processes that eliminate shortages.

The various aspects that hinder ICT growth in developing nations are infrastructure, business environment (financial, legal), social factors (such as poverty, illiteracy, urbanization level), educational factors and cultural environment. Procurement of goods, works, and services through use of ICT is emerging worldwide with the potential to transformation processes, improve market access, and promote integrity in public procurement. Studies in other countries show that ICT is a predecessor to superior performance of the procurement system. For instance, Marodin, Frank, Tortorella and Fetterman (2017), observed that the Government of Chile is using ICTs to facilitate the procurement from small businesses using a new business model and this has positively affected on the functioning of the procurement system especially, since the integration of online services in the system. Information access has been improved tremendously due to this. The system in Kenya if properly strengthened through integration of ICT can also yield these benefits. Procurement can take many forms, from uploading select information such as tender notices to a website to very comprehensive systems including the entire procurement process. Whatever complexity an ICT system might display, its use creates an immediate potential for making information public and widely available and thereby enhance transparency (Möller & Halinen, 2017).

2.3.5 Performance of Vendors in Nyamira County

The process of procurement is a critical process for almost all company especially manufacturing company as procurement determines the quality, cost, delivery of raw materials and most importantly the ongoing production operation of manufacturing company. To ensure everything goes smoothly depend on a right and appropriate vendor selection process. The selection and evaluation of vendors have been a widely discussed topic in the literature. Based on previous study, vendor is ought to satisfy a widely known standard of the following Rights Rule: right product, condition, quantity, time, customer, place and costs (Ongeri & Osoro, 2021). The most popular criterion considered by the decision makers for evaluating and selecting the most appropriate vendor is quality, followed by delivery, price/cost, manufacturing capability, service, management, technology, research and development, finance, flexibility, reputation, relationship, risk, and safety and environment. There are four most influential criteria that should be noted and evaluated in order to acquire the best and appropriate vendor to take on the procurement, which are: items quality, items delivery, items cost, and item productivity.

Currently, most of industries have been focused on how to manage the vendor database in order to select the best vendor with good qualifications to procure their services or products. However, there is lack of information due to the number of vendor that has been increasing significantly until now. In general, the problem statements of this research paper to support the procurement response from the vendor during procurement tendering process, lack of vendor information for selection in procurement process, and inflexibility in procurement process. From these reasons, the aim of this paper is to develop a vendor management and e-procurement systems using android platform in order to carry out the problem in current procurement process. Vendor rating is a system for recording and ranking the performance of a supplier based on a variety of issues, such as the delivery of performance,
the quality of items, lead time and financial capacity of the supplier (Mkonu & Gichana, 2019). Vendor rating is an essential process to effectively purchasing of items in an institution.

The Kenyan perspective of vendor rating is companies who evaluate their suppliers find that they have better visibility into supplier performance, uncover and remove hidden cost drivers, reduce risk, increase competitive advantage by reducing order cycle times and inventory, gain insight on how to best leverage their supply base, and align practices between themselves and their suppliers. Companies pursuing supplier assessment commonly see over a 20% improvement in supplier performance metrics e.g., on-time delivery, quality, and cost. Some of the parameters they apply are lowest price on a bid and the track record of the suppliers in the previous orders they supplied. Bhutani (2021) views vendor rating as the process of measuring the performance of a vendor (supplier). His study notes the importance of measuring performance of the vendors by first establishing the issues that are unique to the company and fashioning a way to monitor how suppliers deliver on orders. The guiding principle towards understanding the effectiveness of the suppliers is the track record and the principles instituted by the organization itself to assure delivery of their orders. In effect the vendor rating as an avenue where an organization can continually assess the suppliers determining those that are effective in undertaking their roles

The study adopted descriptive research design, where both qualitative and quantitative research was combined as they support each other, one uses numerical and the other words. Descriptive research design will be employed since there will be quantitative data. Census survey was used in this study as all elements were selected. The study used purposive sampling technique was used since the respondents had the same characteristics, experience and skills. The target population of this study was 228 respondents who comprised heads of procurement, head of finance, head of administration and pre-qualified suppliers in Nyamira County.

The study sought to establish the effect of tender risk management on performance of vendors in Nyamira County. Many statements were structured to which the respondents responded to on a five-point Likert scale as shown in Table 1. The findings on the question as to whether there is tender risk control on performance of vendors; majority agreed with the statement with a mean score of 4.333 and standard deviation of 0.894. On whether there is risk transfer in on performance of vendors, the majority were in agreement with a mean of 3.750 and a standard deviation of 0.967. The study further sought to establish whether risk mitigation mechanism is put in place by the county to mitigate risk in all levels in the procurement tendering management, the majority agreed with the statement with a mean of 3.500 while the standard deviation 0.910. The finding is congruent there are several main steps that are mostly used in the tender control process (Guo, Liu & Peng, 2017). Overall, the average scores on procurement procedures show a mean score of 3.861 and standard deviation of 0.924 implying majority were in agreement with all the statements.

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<th>Table 1 Tender Risk Management</th>
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<td>Show your level of agreement that there is risk control on performance of vendors in Nyamira County, Kenya</td>
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<td>Show your level of agreement that there is risk transfer on performance of vendors in Nyamira County, Kenya</td>
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<td>Show your level of agreement that there is risk mitigation on performance of vendors in Nyamira County, Kenya</td>
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**Model summary**

The study adopted a multiple regression analysis so as to establish the relationship of independent variables and dependent variables. The data showed that the high R squared is 0.712. It shows that the independent variables in the study are able to contribute 71.2% on performance of vendors in Nyamira County. Kenya if this research finding is implemented, while the remaining 29.8% is variations are other factors not covered in this study. This is in line with the findings of Ongeri and Osoro (2021).

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<th>Table 2: Regression Model Summary</th>
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**III. CONCLUSIONS**

According to this study findings, the study concludes that tender risk management is the first important factor that affects vendors’ performance in Nyamira County, Kenya. The regression coefficients of the study show that tender risk management has a significant influence on vendors performance in Nyamira County, Kenya. This shows that tender risk management has a positive influence on vendor’s performance in Nyamira County, Kenya. Also the regression coefficients of the study show that tender control has a significant influence on vendor’s performance in Nyamira County, Kenya. Further the study concludes that quality of supplies is the third important factor that affects vendor’s performance in Nyamira County, Kenya. Finally, the study concludes that supplier financial capacity is the fourth important factor that affects vendor’s performance in Nyamira County, Kenya. This shows that supplier financial capacity has a positive influence on vendor’s performance in Nyamira County, Kenya.

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AUTHORS
First Author – Jared Bosire Momanyi, Jomo Kenyatta University of Agriculture and Technology
Second Author – Dr. Anthony Osoro, Jomo Kenyatta University of Agriculture and Technology