

**EFFECTS OF INSPECTION OF PURCHASES ON PROCUREMENT PERFORMANCE
IN LEVEL FOUR PUBLIC HOSPITALS IN NYERI COUNTY, KENYA**

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Economics, Dedan Kimathi University of Technology**

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DECLARATION

This thesis is my original work and has not been presented in any other University.

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DEDICATION

I dedicate this thesis to my son Braydensmith Kibera. He remained a source of encouragement to me throughout this research project.

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ABBREVIATIONS AND ACRONYMS

CIPS	-	Chartered Institute of Procurement and Supply
CMP	-	Contract Management Professional
GRN	-	Goods Receipt Note
ICT	-	Information and Communication Technology
ISO	-	International Organization for Standardization
KHP	-	Kenya Health Policy
MTBF	-	Mean Time Between Failure
OECD	-	Organization for Economic Cooperation and Development
PM	-	Procurement Management
PPDA	-	Public Procurement and Disposal of Public Assets Authority
PPOA	-	Public Procurement Oversight Authority
QC	-	Quality Control
QM	-	Quality Management
QMS	-	Quality Management Standards
RBV	-	Resource Based View
SCM	-	Supply Chain Management
SOPs	-	Standard Operating Procedure
SPI	-	Serial Peripheral Interface
TCE	-	Transaction Cost Economics

OPERATIONAL DEFINITIONS OF TERMS

Inspection of purchases- This is critical appraisal involving examination, measurement, testing, gauging, and comparison of materials or items. An inspection of purchases determines if the material is in proper quantity, quality and if it conforms to the applicable or specified requirements (Jackson, 2003).

Procurement Performance- This is where there is a reduction in the cost of raw material and services that make the company to produce the best results including maximizing the profit (Stimson, 2012).

Level Four Public Hospitals- These are similar to health centers with addition of a surgery unit. Many are run by qualified clinical officers or medical officers (KHP, 2014).

Quality Inspection of purchases- These are events aimed at examination or testing of one or more product features and to relate to its fit for purpose (Taguchi, 2015).

Quantity Inspection of purchases- The physical counting of products per unit using quantity ordered against the quantity shipped or delivered to the organization (Wanyama, 2012).

Verification of purchase order- This is a technology that involves use of computers, software and internet connections infrastructure for supporting information processing and communication functions during inspection of purchases process (Chan, 2010).

Verification of terms of contract- This is a method that is used for checking requirements, goods features that are used dependably to ensure that materials received are fit for their designed purpose (Mendez, 2011).

ABSTRACT

This study sought to analyze the effects of inspection of purchases on procurement performance in level four public hospitals in Nyeri County. The research was guided by the following four specific objectives: to establish the effects of quality inspection of purchases on procurement performance in level four public hospitals in Nyeri County, to establish the effects of quantity inspection of purchases on procurement performance in level four public hospitals in Nyeri County, to establish the effects of verification of purchase order on procurement performance in level four public hospitals in Nyeri County and to establish the effects of verification of terms of contract on procurement performance in level four public hospitals in Nyeri County. To achieve the objectives of the study, a descriptive survey research design was adopted. The target population was 47 employees drawn from 4 level four public hospitals in Nyeri County. The study hence employed a census method since all the targeted employees were contacted for data collection. A self-administered and semi-structured questionnaire was distributed to the target population. Primary data was analyzed with the aid of Statistical Package for Social Sciences (SPSS) software to generate frequencies, mean and percentages. Pie-charts, graphs and tables were used to present various aspects of the variables. Content analysis was used to analyze qualitative while quantitative data was analyzed using descriptive and inferential statistics. A regression model was used to show the relationship between the independent and dependent variables. The study found that the hospital had not put in place controls to instill supplier's confidence on quality of inspection which led to increase of cost of goods acquisition. The study also found that various measures could be applied in verification of purchase order in organizations which included measured meters, when measured using centimeters and when measured using millimeters. The study also established that the hospitals did not inspect quantity in terms of physical dimensions for purchase. The study found variations in the procurement performance as explained by changes in quality inspection of purchases, quantity inspection of purchases, verification of purchase order, contract administration, and changes in the independent variable. The study recommended that for public hospitals to realize full benefits of inspection of purchases, the control systems must be put in place to validate the procurement process.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

According to Lysons (2012), the goods receipt process always starts with an organization possessing an acquisition. In the purchase order, there will be a request for a goods receipt. So when any goods are delivered to a business the person who receives the goods will look for any signs of damage. If the packing looks fine then the recipients will forward the goods to the section or department which ordered the goods in the first place. Once the section or department which placed the order received the materials, and if they are contented that the goods are indeed what was ordered and that they are in good condition, then by use of e-procurement they will raise a goods receipt against the purchase order. The commercial department can then pay an invoice because they will have a record that the goods have indeed been received.

While the purchases receipt process is simply a means of corresponding the goods that a institution obtains with the purchase order and checking that the goods are right for purpose meant for and appropriate in the sense that they are in good conditions, the process can be a bit intimidating as it's one of the key processes of any enterprise and monitors the flow of items (and in some part cost) into an institution. It can often be one of the root causes of problems within organizations and can cause inaccuracies of calculating supplier delivery schedule adherence so for a small process it's important to get it right (Ahire, 2016).

1.1.1 Global Perspectives of Inspection of Purchases

Internationally, when a company produces finished goods, it cannot afford to wait until the goods are come from the end of the production line before they are all inspected. Production process issues always need to be addressed very early in the process to correct problems. This reduces the loss of raw materials and reduces the overall time that the production process is shut down including the cost. In every type of company there is a process where quality inspection of purchases can be performed during production. When the all finished items come off the production plant there is need to be inspected to ensure that it conforms with the quality standards within which are to be sold. The final check could include not only the finished good itself but the packaging used to transport it to the customer. If the packaging is as per the standard or not correctly labeled then this could require the item to be re-worked or scrapped (Alsaaty & Sawyer, 2012).

The new paradigm of international competitiveness is a dynamic one, based on procurement performance. According to Odieki & Oteki (2015) the quality inspection of purchases occurs so that an organization can confirm that the goods are within certain prescribed quality standards in order for the product to be useful. The quality inspection of purchases can also take place at the vendor's facility. Globally some companies prefer to perform the inspection of purchases before the items are transported to their manufacturing plant. However, the inspection of purchases can incorporate more than inspection of purchases of the product, but also inspection of purchases of the production facility, equipment, documentation, production processes, and storage facilities.

These quality inspections of purchases are always important when purchasing contracts are being discussed. Some vendors may have ISO Quality Management Standards (QMS) certification which has been proved to offer consumers a greater sense of expected quality and may reduce the requirements of regular inspection of purchases.

Organization's ability to offer consistent quality and complete products and services depends on the supplies of quality (CIPS, 2013). Due to market forces, organizations also need to adapt to these changes. This is particularly true in competitive and globalized business environment. Organizations are strategizing to find ways to cut material and production costs through engaging in strategic supplier selection process and evaluation. According to Nadir (2012) supplier evaluation is a tool which provides the buying firm with a better understanding of which suppliers is the best to engage but other studies has revealed that after having carried out an in-depth supplier assessment together with enactment of public procurement laws of Kenya and other policies on supplier evaluation, inadequacies are still existing ranging from supplies being delayed or sometimes termination of supplier contracts before completion.

According to Pierterson & Marjolein (2012), Inspection of purchases involves the examination of incoming consignments for quality. Very often there is a separate QC or inspection of purchases which is undertaken by procurement department for most materials supplied or all of them. Otherwise most goods are inspected by stores to ensure that the checkup of purchases processes laid down is carried out before all raw materials are acknowledged as stock for that company.

He further states that the inspection of purchases department also perform the following basic functions: receipt of goods, counting during off-loading, tallying according to purchase order, checking for any item damage and prepare report, fill goods inward, day book and daily collection register, complete vendors consignment note, arrange for inspection of purchases and complete the inspection of purchases, prepare GRN, in case of goods rejected to a memo, put goods to stores, send those goods required to respective departments within the organization, ensure all warehouses are in order: check for loose racks and damaged pallets, ensure good housekeeping (that is, check for spillage of oils, dirty walls and obstructions), ensure all materials handling equipment are in good condition, check and count goods before issue, make entries to bin-cards promptly, ensure receipts and issues of materials are appropriately filed, ensure that policies concerning to physical custody and preservation are followed and ensure correct bookkeeping.

1.1.2 Regional Perspectives of Inspection of Purchases

According to Adamyan (2012), organizational performance often pivots on the most appropriate selection of its suppliers as their main stakeholders. Procurement functions are progressively essential activities within most institutions, and severe operating repercussions can result from the failure to heighten the procurement function as department and hence poor performance. Specifically, an appropriate supplier's selection procedure is one of the essential strategies for enhancing the quality of production of any organization, which has a direct influence on the company's competitiveness and reputation. One of the mechanics used by an organization to come up with the best suppliers is by performing supplier evaluation.

Supplier evaluation is both the quantitative and qualitative appraisal of suppliers to ensure adequate supplies available for use. To sustain effective and reliable outsourcing procedures, buyers should select their suppliers carefully and evaluate them regularly.

According to Mwale & Nyamwange (2014), finished goods can be distributed directly to the customer or kept in the warehouse before they are sold. If you store some products for a period they can change the product's features. Inspection of purchases in the warehouse can ensure that the finished goods are still able to be shipped to customers. In this modern era every industry is more focused on quality rather than quantity. The quality of supply chain itself can provide a path breaking solution at different levels of supply chain management. Moreover, this concept may be applied to address the problems such as product recall, delay in delivery of products etc. regardless of type of industry. QM as an approach to improve effectiveness, profits, safety of products, customer satisfaction and reduce time, cost factor in SCM. Companies that experience large quantities of products not conforming to the expected fitness for use and other forms of waste produced during production, often implement manual inspection of purchases to ensure product quality. Inspections of purchases raise overall production costs and could be avoided if quality controls are done competently. Quality control procedures and evaluation of suppliers are critical for avoiding continual inspection of purchases on the production line. Otherwise, labour hours will be lost inspecting materials and finished-goods inventory that could be allocated to value-added activities.

1.1.3 Local Perspectives of Inspection of Purchases

According to Onsongo (2015), an organization that deploys effective supplier performance management techniques ensures that a supplier meets the expectations as defined in the purchase order and do not go against market norms. It includes the management of actual supplier performance, identification of performance gaps and agreement of actions to achieve desired performance levels. Supplier performance management not only ensures that benefits identified in the contracting stage are delivered, but also that value delivery continues for the life of the contract. As companies increasingly focus on their major competencies and outsource a greater amount of products and services, their success has become more dependent on the performance of crucial suppliers. Ultimately, the objective of supplier performance management is to improve the performance of all parties involved in the contract and Service Level Agreement.

In Kenya and specifically public hospitals in Nyeri County modern medical devices and equipment have become very complicated and are expected to operate under rigorous environments. Hospitals must ensure that their critical medical equipment is safe, accurate, and reliable and it operates optimally. Even though it is important, the application of all inspection of goods, maintenance and optimization models to medical devices is fairly new. In Kenya, most, if not all public healthcare institutions include all their medical equipment in their maintenance plans and just follow manufacturers' recommendations for preventative maintenance. Then, current maintenance strategies employed in hospitals and healthcare organizations have difficulty in identifying specific risks and applying optimal risk reduction activities (Ahire, 2012).

Wachiuri *et. al.*, (2015) found that four interrelated flows such as material, resource, monetary and information exist within the supply chain. It is a matter of all stakeholders in the supply chain to ensure the continuation of these flows. If one participant is effective, this will foster positive results for the rest. From this perspective, collaboration with suppliers, as well as tier-one and tier-two suppliers plays its essential role. A well-organized supplier relationship based on trust and respect will provide a solid background for continuous flow and creation not only for links in the whole chain, but also in internal processes of the company as well. Strong connection between goods receipts process and suppliers' commitment might be seen through the prism of its benefits. If suppliers notify an organization about days of deliveries, about what exactly will be delivered and in what amount according to the contract, supplying sorted goods will help to structure inspection process, thus helping to plan space of occupation in the storage and the structure level of the process will increase.

According to Shalle (2014), Collaboration with suppliers is one important side of the coin. By the other side the internal processes of the organization are considered to be. Even all those activities performed by the suppliers to smooth the process will not be a remedy if there are a mess and chaos within an organization. The incoming goods process and the way it is organized from the word go to play its essential role. It consists of several activities which can vary from company to company, but the basic ones are a receipt, sorting, quality control and placing in the warehouse. All these steps are considered to be the areas where possible optimization could be done. Optimization of goods incoming process can be conducted in different ways; it can be achieved with the help of ICT, which in most of the Cases is related to costly optimization.

Sooner or later, companies will come to that. But what the company can do on the stage of its rapid development and when ICT implementation is a tool which it cannot afford? Does it mean that everything should stay in its common status quo position? The definite answer is no. The process should be still optimized according to the amount of resources available. Thus, optimization can be achieved through wise organization of working environment and conditions, when a person can concentrate just on exact work he or she should do and not distract the attention on other activities. Areas for improvement will be found all the time due to "I NOW HERE" approach by (Hans, 2015). Investigating the place for improvements and individual initiative will bring its beneficial results. Small changes in the process at the beginning might foster a disruptive innovation and development of best practices at the end.

Wang & Levenson (2014) identified a new interpretation of the performance measurement and called it mission criticality, which they defined as the role of equipment on organization's mission. Later Wang *et. al.*, (2014) proposed a more explicit maintenance approach that would avoid risking the equipment with the patient and therefore must criticality be maintained. Ideally PM should be performed at time intervals just below the mean-time-between-failure (MTBF), as this would allow one to minimize resources while preventing any defects. Wang further proposed that there is a theoretical ideal interval for SPIs which is $(\text{SPI period} = 2 * (1 - \text{uptime}) * \text{MTBF})$. Uptime which is also the availability of equipment for use is measured as a percentage of the planned operational time.

Baker (2013) assessed the validity of some widely-used models of age-related failure rate, such as the power-law and log-linear Poisson process, using a large database of failures of many types of medical equipment.

According to his research, the power law process is the best-proposed model to determine the failure rate of an equipment on equipment age and on time since it was repaired, which demonstrated a complete methodology for formulating optimum equipment replacement policies. The above study was limited to the using arithmetical models to assess failure rate and excluded the effect of PM on failure rate.

In Kenya, the PPDA Act 2005 and procedure 2006 has served as a guide that provides procurement procedures and supplier rating for public procurement entities. This ensures that there is judicious, economic and efficient use of the country resources ensuring that procurement involving state corporations is carried out in a fair, transparent and non-discriminatory manner. Among other criteria, the Act 2005 indicates clearly that tenderers and other suppliers should possess the following features as part of their rating financial resources, equipment and other physical facilities, managerial capability, technical qualifications and competence, reliability, the personnel to perform the procurement contract; and experience in the procurement object and reputation. In spite of all these, public hospitals have never realized the objective of adequate supplier evaluation (PPOA, 2015).

1.1.4 Procurement Performance

Procurement includes the comprehensive process of acquiring goods and services. It begins when an organization has identified a need and decided on its procurement necessity. Procurement process undergoes through the processes of risk assessment, delivery of and payment for the property and services, contract award and, where relevant, the ongoing management of a contract, seeking and evaluating alternative solutions and consideration of options related to the contract.

Procurement also extends to the ultimate disposal of property at the end of its useful life (Waters, 2014). Proper public procurement regulations and practices are among the essential elements of good governance (KIPPRA, 2016). Otieno (2014) asserts that the irregular procurement activities in public institutions provide the biggest gap through which public resources are mismanaged. According to Thai (2001), the basic guideline of good procurement performance include competitive supply, which requires that tendering is done from various suppliers unless there are convincing reasons for single sourcing; consistency, which encourages the equal treatment of all bidders without discrimination whatsoever and accountability, where effective machinery must be put into practice to ensure procuring departments spend the limited resources carefully, knowing clearly that they are accountable to citizens.

According to Kalakota & Robinson (2011), before the implementation of electronic procurement, a company must first clearly define the business problems it is encountering and its e-procurement solution is intended to address. Furthermore, before an e-procurement solution can be deployed, a company must undergo thorough procurement process re-engineering. Automating an existing procurement process should lead to procurement performance Kalakota & Robinson (2011). Puschmann and Alt (2015) recognize that in the successful practices the redesigning of the procurement process is focused on: reduction or elimination of authorization stages; regulation of exceptions to a limited degree in the beginning; elimination of paper; integration.

1.4.5 Inspection of Purchases in Level Four Hospitals and Procurement Performance

Vision 2030, Kenya's long term development blueprint posits health as one of the social pillars that play a vital role in maintaining health and skilled manpower.

To realize this goal, the health sector defined improved procurement and availability of essential health products and technologies as a priority reform besides digitization of records, equipping health facilities and infrastructure development. The Kenya Health Policy (2014-2030) indicates that the government under the Ministry of Health works closely with public hospitals to ensure that goods and services are delivered on time in order to provide quality health care services to the citizens. According to the Kenya Constitution (2010) the Mandate of the Ministry of Health is to create an enabling environment, set standards, provide health services, formulate policies and regulate the provision of health service delivery. The County Government is responsible for County health services, pharmacies, and promotion of primary health care, ambulance services, control of undertakings that sell food to public and licensing, cemeteries, funeral parlors and waste disposal.

Khalaf (2013) suggested a repair model for reduction of risk and optimizing the cost-performance of medical equipment. The elements of both managing risk and reduction of cost were evaluated together with the suppliers of this medical equipment. The results showed poor risk management techniques and also poor cost maintenance programs. Therefore, Khalaf revised the model to suit clinical engineering departments in Palestinian hospitals. Khalaf *et. al.*, (2013) has developed a quantitative model using a mixed numeral based approach for maintenance operations schedules for medical equipment. Also, they proposed a greedy algorithm to give an initial solution for the model. The current maintenance strategies are effective as concluded by analysis done by ARAMARK Healthcare's Clinical Technology Services.

Taghipour *et. al.*, (2016) considered a repairable system with components subject to hard and soft failures; soft failures are only rectified at periodic inspection of purchases and are fixed with only minimal repairs. They propose an idea to find the optimal frequency of inspection of purchases interval on a finite time horizon.

1.2 Statement of the Problem

The day to day business operating environment is getting more challenging and therefore companies must strive to increase their operations to stay competitive and retain their customers (Kabaj, 2013). Managers need to embrace all those business practices that will improve their competitive advantage and enhance their performance (Mohariry, 2011). According to Gituro & Bolo (2013), more than 75% of the Organizations in the world have not yet adopted effective inventory inspection of purchases in purchasing and supply hence they are facing the challenge of stock out cost and poor output. The inspection of purchases of quality-relevant features during the delivery process considerably reduces this risk (Trepte, 2013).

A Report prepared by PPOA indicates that procurement inefficiencies in the public sector in Kenya are attributed to supplier's performance issues up to 30%. Another PPOA report on a study conducted on level four hospitals in Kiambu County pointed out issues of non-compliance to Section 45 of the Public Procurement Act. The issues raised in the report included; Poor filing system, lack of clear records, lack of inspection reports and lack of evidence for verification of purchase orders and contract items. The Act requires a procuring entity to establish procedures and structures to provide for making decisions relating to procurement activities for the entity.

Several studies have been undertaken on inspection of purchases and procurement performance. Among the studies, Njuki (2013) studied how important the inspection of purchases is in the

management of purchasing and established that purchasing management has a significant bearing on the profitability and performance of organizations and their overall competitiveness. According to Schiele (2013), today goods inspection of purchases inefficiencies is at its highest point at 93% leading to poor organization performance.

Public hospitals in Kenya receive many goods on a day to day basis such as medical supplies, medical equipment, food stuff, beddings and furniture among others. The inspection of purchases of incoming goods at public hospitals is hampered by lack of quality inspection of purchases, quantity inspection of purchases, verification of purchase order and verification of terms of contract. If these incoming goods are not inspected, the services offered by these hospitals will be substandard and unsatisfactory and may lead to idle time and some deaths.

From the previous studies and reports reviewed, most public hospitals have shown low levels of compliance to the procurement law hence lacking in transparency, accountability and value for money especially in the inspection process. Despite there being numerous studies done in Kenya and other countries, limited research has been done on the effects of inspection of purchases on procurement performance in public hospitals. Therefore, this research was undertaken to fill this gap by establishing the effects of inspection of purchases on procurement performance in public hospitals in Nyeri County.

1.3 Objectives of the Study

1.3.1 General Objective

The general objective of the study was to establish the effects of inspection of purchases on procurement performance in level four public hospitals in Nyeri county.

1.3.2 Specific Objectives

The research was guided by the following specific objectives;

- i) To establish the effects of quality inspection of purchases on procurement performance in level four public hospitals in Nyeri County.
- ii) To assess the effects of quantity inspection of purchases on procurement performance in level four public hospitals in Nyeri County.
- iii) To evaluate the effects of verification of purchase order on procurement performance in level four public hospitals in Nyeri County.
- iv) To determine the effects of verification of terms of contract on procurement performance in level four public hospitals in Nyeri County.

1.4 Research Questions

The researcher developed the following research questions;

- i) How does quality inspection of purchases affect procurement performance in level four public hospitals in Nyeri County?
- ii) How does quantity inspection of purchases affect procurement performance in level four public hospitals in Nyeri County?
- iii) How does verification of purchase order on procurement performance in level four public hospitals in Nyeri County?

iv) How does verification of terms of contract affect procurement performance in level four public hospitals in Nyeri County?

1.5 Significance of the Study

1.5.1 Researcher

To the researcher, the study would add knowledge in the field of materials inspection of purchases. The finding was significant to the exploration of similar areas of interest to future researchers.

1.5.2 Hospital Administrators

The study would be of benefit to the hospital administrators who would improve on the processes of inspecting incoming goods.

1.5.3 Government

The study would also help government policy makers who would include the latest inspection of purchases processes in their guidelines.

1.5.4 Scholars and Academicians

To the other researchers, this study would be beneficial to them by growing the branch of knowledge and may also help them in carrying out further and related studies in public procurement as this study would avail critical information in inspection of purchases process.

1.6 Scope of the Study

This research study drew its attention on the effects of inspection of purchases on procurement performance in public hospitals in Nyeri County. Hospitals were selected since the health sector is the first priority in the governments big four agenda. The study targeted 47 respondents who were drawn from the four level four public facilities hospitals in Nyeri County and who were involved with procurement activities in these health public facilities. Level four hospitals were selected because they are the coordinating and referral centers for all the other smaller units. They are found in all districts and have the facilities for clinical care at the district level. They are the first referral hospital and form an integral part of the district health system. The focus was on the four main elements of effects of inspection of purchases on procurement performance in public hospitals in Nyeri namely, quality inspection of purchases, quantity inspection of purchases, verification of purchase order and verification of terms of contract. The study took six months from June 2017 to November 2017.

1.7 Limitations of the Study

The researcher encountered problem of delays in receiving duly completed questionnaires. However, after repeated visits, the respondents eventually provided the required information. The problem of finding gaps in some crucial questions was also a concern for the researcher. Efforts were made by the researcher where subsequent visits eventually made them to comply. A number of respondents expressed unwillingness to cooperate in areas affecting management aspects citing fear of victimization. The respondents were assured that the information collected was confidential and was used for the purpose of this research only.

1.8 Assumptions of the Study

The study assumed that the organization used procurement procedures during procurement. The study also assumed that the respondents will cooperate and freely provided the information as requested. The study also assumes that procurement performance is influenced by inspection of purchases

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presented the various literature reviewed in the study. It was indicative of the various books and journals that were used to enrich the knowledge base during the research. The chapter gave a review of effects of inspection of purchases on procurement performance, past studies, a conceptual framework and operational framework.

2.2 Theoretical Review

A theory is a supposition or system of ideas intended to explain something. Theories attempt to explain facts that bring out rational explanation of cause and effect relationship among group of observable phenomenon (Mugenda & Mugenda, 2003). This study is grounded on System Theory, RBV Theory, Institutional Theory and Transaction Cost Economics (TCE) Theory.

2.2.1 System Theory

System theory is as a result of mingling other disciplines about every system in nature, in society and in many scientific fields as well as a structure with which to investigate phenomena from a holistic approach (Capra, 1997). System thinking arises from the shift in attention from the part to the whole (Jackson, 2003), considering the observed reality as an incorporated and interacting unicum of phenomena where the individual properties of the single parts become indistinct.

In contrast, the interactions between the component parts themselves and the output they produce through their collaboration become much more significant, with the result that system elements are logically connected (Luhmann, 1990) towards a common objective (Golinelli, 2009).

This approach argues that it is not possible to totally understand an occurrence simply by breaking it up into uncomplicated portions and then restructuring it. Instead, what is required is application of a global vision to underline its functioning. Although a study can start from the analysis of the components of a phenomenon, in order to fully understand the phenomenon in its wholeness one has to observe it also from the higher level of a holistic perspective (Bertalanffy, 2013). System theory encompasses a wide field of research with different conceptualizations and areas of focus (Senge, 2010). Specifically, within this study, the theory has been adopted in observing SCM as part of the broader organization with a common goal of enhanced performance derived from synergies across functional areas. This view involves collaboration across the organization for quality management, enforcement of procurement management rules, enforcement of SCM policies and adoption of SCM strategies that are aligned to the organization strategies. Further is to determine how the head of SCM's placement in top management impacts on the adoption of SCM strategies, policies and practices that are beneficial to the organization as a whole through the wider spectrum a boardroom seat provides. System theory also analyses the relationship between organizations and their environment (Aldrich, 2009).

Quality planning is what organizations should do up-front as one of the initial stages of production; it is ordinary for firms to invest in quality control procedures. In this aspect of the Quality Cycle, activities include examination to establish degree of defectiveness and deviations from quality principles.

Actions can then focus on another part of the sequence, quality improvement, and make it part and parcel of daily task for the work groups (Juran and Frank, 2011). Quality plans must be incorporated into every aspect of the organization's work, such as strategic plans; delivery to the customer and product, service and process designs; operations. In this study the theory is used to place the organization as part of a larger supply chain with shared objectives of quality management as well as lower costs of goods and services through procurement management, relevant SCM strategies as well as policies with regard to supplier collaboration. This theory explicitly explains the relationship between quality control planning and procurement performance in state corporations. The researcher therefore focused on inspection of purchases as a quality control practice to evaluate its effect on procurement performance.

2.2.2 Resource Based View Theory

The Resource Based View (RBV) normally uses firms' internal features to explain firms' heterogeneity in strategic plans and performance. A institution is an organized, distinctive set of factors known as capitals and competencies, and RBV theory mentions two related sources of advantages: resources and competences (Luo & Tung, 2007; Rui & Yip, 2008). Resources are normally firm's accrued belongings, including anything the organization can use to create, produce, and/or offer its products to a marketplace. All organization resources are eligible for state protection; can operate independently of firm members (Camiso'n, 2005); and intercede as factors of production to convert raw materials into finished products. Resources can be tangible assets (e.g. physical and financial resources) and intangible resources (e.g. patents, copyrights, designs, licenses, registered trademarks, corporate names and logos).

The accelerated internationalization approach emphasizes organizational learning and the entrepreneurship of top management/founders as important drivers of firms' international behavior (Andersson, 2000).

In addition to learning, Mathews (2006) also argued that late movers from emerging economies establish themselves through the strategy of linkage and leverage. The role of networks in firms' procurement performance underlies Mathews's (2002) linkage, leverage, and learning framework, which argues that it is easier for emerging firms to create new capabilities through learning within established networks rather than building them via the sequential process. This perspective argues that state corporations can overcome their late-mover disadvantage by using quality control system as a springboard to actively participate in procurement and acquire strategic assets from mature state corporations (Luo & Tung, 2007; Rui & Yip, 2008).

Cyert & March, (2003); March & Simon, (2008) postulated that the theory of Upper-echelons has its roots in the behavioral theory of the firm. The decisions made by the managers contain a behavioral component which in some way reflects their own ideologies. The model of upper echelons puts into perspective the effect of these idiosyncrasies and was treated in a much similar way by Whittington (2008) who further noted that the effects of "built-in preferences and information processing system". In that way upper-echelons theory encompasses a theory of action determinism. The RBV theory depicts a direct and solid relationship between QC system and procurement performance to efficiency of operations in any field and procurement not an exemption whereby it appreciates components such as commitment, level of involvement in information requirements analysis; and the level of involvement in decision making.

The RBV theory is important in guiding organizations to initiate change and adopt quality control system in procurement in the shift towards world class procurement. The researcher used this theory as it explicitly explains the influence of quality control policies on procurement performance in public hospitals in Kenya.

2.2.3 Institutional Theory

Luhmann (2010) stated that institutional theory is the traditional approach that is used to examine elements of public procurement. Eyaa *et. al.*, (2011) further noted that there is no single universally agreed definition of institution or institutional theory. Scott (2004) categorically identifies three pillars of institutions as regulatory, normative and cultural cognitive. The regulatory pillar emphasizes use of rules, laws and sanctions as enforcement mechanism, with expedience as a basis for compliance. In Kenya, public procurement is heavily regulated unlike any other profession and in the recent past has fascinated a lot of concern from the general public who are the major stakeholders of the state economy. PPDA (2005), Public Procurement Disposal and Regulation of 2006 and guidelines which are being issued by Public Procurement and Oversight Authority (PPOA) and Treasury, these are some of the guidelines that forms the framework of procurement system in Kenya. Institutional theory dictates that there should be compliance with Public procurement regulations and policies to ensure there is value for money and efficiency procurement process (Andrew, 2008).

Jones & George (2009) reiterated that procurement is control by a comprehensive system of formal rules and standard operating procedures (SOPs) that shapes and regulates the behavior of divisions, functions and individuals. SOPs and rules allow employees to perform activities efficiently and effectively.

Accordingly, quality means best in purchasing as well as best for the customers and the selling price. The word control in quality represents a management tool with 4 steps namely: planning quality principles, assessing conformance to the set standards, acting when standards are not met and planning for improvements in the standards in future. Quality control entails the following steps: clear definition of quality, knowledge of the expected performance or targets, evaluation of the actual operating performance, comparison of the performance to goals and action of the difference (Scott, 2004).

This is achieved by a break through improvement in performance; when a new innovation or a completely fresh idea is brought to improve the current performance is achieved, and then quality control measures are put in place to ensure there is sustainability in efficiency. The need about having the necessary institutional frameworks and procedures to engage quality control system in procurement process should influence intent to purchase as well as directly influence purchasing behavior itself as outlined in the institutional theory. This theory therefore explains the relationship between quality control policies and procurement performance of state corporations. It provided a good basis of studying procurement performance of level four hospitals as public entities in the country.

2.2.4 Transaction Cost Economics (TCE) Theory

The theory tries to explain the existence of firms and how boundaries of their operations are define within the business environment. Williamson (2006) applied the theory to address public utility services and the importance of transaction costs in the public sector when analyzing bidding process. Transaction cost theory is a useful tool in unearthing sources of hindrances to firms intending to participate in public procurement.

He further noted such costs include among other things are cost incurred in obtaining and ascertaining information about the quantity and quality of goods and services. Patrick, (2010) further highlighted public utility services using TCE to help determine the efficiency of governance structures in the private sphere.

Mumo *et. al.*, (2013) noted that ten years after the e-government directorate was set to manage ICT in the government, most ordinary Kenya citizens are still using the manual system to access government services making it difficult for the private sector to engage profitably with the government. This particular platform has made the government entities prone to exploitation resulting to poor service delivery and dismal performance in procurement system. Government officials and elected leaders have constantly insisted that public entities should automate their procurement processes and must utilize ICT in order to enhance the procurement processes in the public sector. The key elements in implementing an organization's wide strategic quality planning includes identifying target customers and also their expectations, identifying ideal quality objectives, developing dimensions of quality and planning on how to achieve those goals (Patrick, 2010).

These public entities are faced with close-fitting tactics and a retiring staff, today's government related organizations are operating with a philosophy 'do more with less'. Community establishments are expected to provide superior service to their citizens effectively, all the while working under constant resource restraints by approving ICT (Hagén & Zeed, 2005). Integration of procurement functions with the organizational aspects in the public sector is costly due to organizational reorganization and such costs can be optimized with the integration of effective quality control system for effective reporting.

Kishor *et. al.*, (2006) contend that while benefits and external pressure motivate adoption, motivated organizations must have capabilities like financial resources of IT sophistication before the technology can be effectively adopted. From the pillars of transaction cost economics, reporting of transaction costs, organizational incentives and enforcement under the quality control system are identified as antecedents of compliance to procurement rules. This theory was therefore used in the study to explain the effect of quality control reporting on procurement performance in public hospitals in Kenya.

2.3 Empirical Review

2.3.1 Quality Inspection of Purchases and Procurement Performance

According to Robert (2015), it is vital, upon receiving a consignment, to make sure that the material meets quality as specified by the company. If it is of great importance that no shortcomings in quality exist, you will probably want to run a quality inspection on each item of the entire receipts. If, in your production process, you are able to sense flawed materials and if so it is clear that it is the supplier problem, then the incoming quality inspection can be limited to assuring that there is no enormous quality problem which would interrupt your production process of the organization. In some scenarios, however, defective material may pass through production process unnoticed, or a problem in production could be the incompetent staff. In such circumstances, it is recommended for.

According to (Thomas, 2009), inspecting items against design conditions can be quite time intensive and costly, it is seldom necessary to run a quality check on all items received. In its place, spot checks on quality can be made on a small representative portion of the consignment.

The reasoning behind on the spot checks is that if some of the materials are flawed, then you should have a good chance of finding some flawed items if items are sampled randomly. Thus, you might pick some material randomly in the consignment. In the case of a number of packages, you might select a few items from the top of one packaging, from the bottommost of another one, from the sides of a third one package, etc., and run quality checks on this material instead of on the whole consignment.

Crosby (2010) argued that quality is neither intangible nor immeasurable. Instead it is a strategic imperative that can be used to improve the bottom line. Quality is termed as fit for use, not goodness. Terms such as good, excellent, beautiful, exclusive, are subjective and vague. When quality is termed as fit for use, subjectivity disappears. Any service, product or process that conforms to its requirements is a quality service, product or process. If requirements are not met, non-conformance will result. Requirements define the output, the input or the process itself by providing descriptions of process features in a manner that encourages communal understanding and good relationship between customers and their suppliers.

According to Schonberger (2010) the integral fragments of the perception of total quality management have been part and parcel of human activities for a long period, and have been evolved throughout history. Its currency as a topic of great interest lies in the combination of these parts into the concept of total quality management, a thought and approach that has been widely used globally in different sectors of the state economy. The concept of TQM is not always well understood and is often ineffectively used. The major reason is the lack of both a globally accepted definition and a clear-cut understanding of the concept and what it contains. There is widespread vagueness about what is exactly meant by the TQM.

This is clear in literature where most researchers and managers have accredited various meanings to this concept. The failure to find an adequate definition that could apply globally and the lack of understanding of TQM concept may well explain many of the problems experienced by managers when it comes to its implementation. Understanding the meaning of TQM is important as TQM is a long-term cost and effort-intensive initiative.

International Organization for Standardization (2010), which represents a system as a common measure of quality internationally, and the Six Sigma model, which is a logical, and methodical process improvement to achieve total quality management. The need for quality as a vital element in the preparation of approaches for institutions to implement total quality management is evidently outlined by Bilich and Neto (2010) who state that quality is a macro function of institutions, must be there in the day-to-day operations of an institution, in aspects such as establishment of policies, selection of personnel, the decision process, service delivery to satisfy customer requirements and allocation of resources, definition of priorities. The two writers carry on and state that the quality method, as a strategy, has brought to institutions a new manner of perceived quality, as it engages the top managers of the institution in the effort for better performance.

According to Djerdjour and Patel (2010), quality is no longer optional for organizations; it is an essential strategy to gain a competitive advantage. Total quality management is, therefore, an answer for enhancing the quality of materials supplied. Before one can discuss the concept of TQM, one first needs to understand, discuss and analyze the concept of quality itself. According to Dale (2013) and Evans and Dean (2013) quality, delivery, reliability, and price build the image enjoyed by an institution.

Superiority is the most important of these competitive arms and is a problematic model to define in minimal words to get into a consensus definition; a trait it shares with numerous scenarios in business and branches of sciences (Hoyer and Hoyer 2011). Quality does not only refer to items but includes quality of place, time, processes, equipment and tools, people, information and measurement and the environment and safety (Dale, 2013).

Quality is a continuing process that has to be so influential in the institution, that it becomes the viewpoint and culture of the entire institution. All institutions and each section within the institution need to adopt the same strategy, to serve the customer with even lower cost, better quality, greater flexibility and quicker response (Schonberger 1990). There seems to be no consistency understanding and definition the term quality and even well-established writers seem to have different opinions on this terminology. According to Reeves and Bednar (1994), research for the definition of quality has produced uneven consequences. The two investigators emphasize that irrespective of the period or situation in which quality is scrutinized, the concept has had numerous and often jumbled meanings and has been used to describe a wide variety of dimensions.

The approaches and techniques for guaranteeing quality keep on changing, but the basic consumer anticipations have been objectively persistent for a long period (Hoyer & Hoyer 2001). From an all-inclusive viewpoint, all organizations that are involved in production and sale of products, with changing quantities of both; as a result, the management controls of quality must concentrate to both the product and service and the collaboration influence among them. Although numerous explanations on quality exist, it is wise to research deeper into the definitions of other writers such as the quality experts, Crosby, Deming, Feigenbaum, and Juran.

These experts claim that their, prescriptions, definitions, conclusions and recommendations work equally well for producing quality products and delivering quality services. From the various descriptions of quality indicated by these experts in literature, there appear to be two intensities of quality concept (Hoyer & Hoyer 20011).

Aksu (2003) defines quality as conforming to a set of customer needs that, if met, the result is customer satisfaction and hence organization performance. Wiele, Dale & Williams (2013) presented a little different viewpoint with their stress on the creative and enthusiastic attributes of quality: Quality is what makes a customer happy and loyal to a company. Pycraft, Singh & Phihlela (2010) and Stamatis (2013) try to resolve some of these divergent opinions in their descriptions of quality: Quality is regular conformity to customers' needs. Concerning Pycraft and Stamatis's definition of quality, the use of the word fit for use implies that there is a reason to meet customers' specification.

2.3.2 Quantity Inspection of Purchases and Procurement Performance

When a package arrives, it is a brilliant idea for receiving procurement staff to check it alongside the packing list to make sure that the quantities of those products are correct. The carefulness of the quantity inspection rest upon how many items are involved, and how vital the contents of the package are to the company. If there are many parcels, and therefore many items in every bundle to count, comprehensive counts would consume a lot of time. In such expected cases, it may be appropriate to use sampling methods to establish the amount received. Sum bulk or physical measurements can be used for accurate fairy estimates of quantities in delivery.

When the materials are packaged in boxes, suppliers could be requested to indicate the quantity on the box so as in a package of numerous boxes, a few can be sampled for a thorough inspection. If they turn out to be correct, then there is a substantial guarantee that the load is as expected (Gonzalez & Quesada, 2014).

Volume application is a model in economics, and managerial accounting which defines an enterprise or a nation utilizes its productive capacity. Thus, it denotes the affiliation between concrete production that is produced with the installed apparatus and the possible output which could be produced with it, if equipment's capacity was completely used. If customers demand grows, capacity utilization will increase. If demand is low, capacity utilization will loosen. It is believed when capacity utilization rises above somewhere between 82% to 85%; inflation is high. Surplus capacity utilization means that inadequate demand is real to merit growth of production, (Derrick (2009).

Shelly (2008), argues that the lower volume utilization falls comparatively to the trend capacity utilization levels, the better the bond market adores it. Bond-holders are of the opinion that strong capacity utilization above the trend levels as a leading indicator of increased inflation. Increased inflation or the anticipation of upper inflation, decreases bond values, producing an increased revenue to compensate for the higher expected level of inflation. Implicitly the capacity utilization levels are also a pointer to how factors of production are being utilized. Much statistics and subjective indication illustrate numerous industries in the developed countries suffer from long-lasting surplus capacity.

Criticizers of capitalist economies, therefore, argue the system is not as efficient as it is expected since at least a half more production could be produced and sold, where purchasing power was better dispersed. However, a level of consumption to some extent below the maximum prevails, irrespective of economic factors.

According to Peter (2012), capacity utilization is normally checked for goods-producing industries at the production level. The outputs are presented as a mean percentage rate by industry and any economy, where 100% indicates entire capacity. This level is also sometimes referred to as the operating rate. If the operating rate is increased, this is known as over-capacity, while if the operating rate is little, a situation of extra capacity or surplus capacity is experienced. The observed levels are often turned into indexes (keys). There have been discussions among economists about the legitimacy of arithmetical processes of capacity utilization because much depended on the interviews undertaken, and on the assessment, philosophies used to measure production. Also, the efficiency of production normally changes over time to incorporate new technologies.

Michael, (2001) argues that capacity utilization measure is just not very revealing. Before the early 1980s, he argues, American business carried a great deal of extra capacity utilization. Running close to eight percent indicated at the time approaching capacity restraints. Since that time, firms have scrapped much of their most inefficient capacity. As a result, 77% capacity utilization now would be equivalent to a historical level of 70%. One of the most used descriptions of the capacity utilization level is the ratio of actual output to the ratio of standard potential output. But potential output can be defined in at least two different ways.

One is the engineering or technical description, according to which potential output represents the maximum amount of production that can be produced in the short-run with the existent stock of capital. Thus, a standard definition of capacity utilization is the (weighted) average of the ratio between the actual production of organizations to the maximum that could be produced per unit of time, with existing plant and equipment. Obviously, production could be measured in physical units or market values, but normally it is measured in market values.

According to Johanson (2000), as production grows and well beforehand the absolute physical limit of production is reached, most organizations might well experience an increase in the average production cost even if there is no alteration in the level of production plant used. For example, because of the need to operate additional shifts, higher ordinary costs can arise, undertake extra plant repairs, and so on. An alternative approach, sometimes called the economic consumption rate, is therefore to measure the proportion of actual productivity to the level of output beyond which the normal cost of production begins to grow. Research is done on some companies on whether it could be realistic for them to raise their output from existing plant and equipment, without raising production costs. Typically, this measure will yield a rate around 10% points upper than the industrial measure, but time successions show the same association over a certain period.

When a package arrives, it is a brilliant idea for receiving procurement staff to check it alongside the packing list to ensure that the quantities of those products are correct. If there are many parcels, and therefore many items in every bundle to count, comprehensive counts would consume a lot of time. In such expected cases, it may be appropriate to use sampling methods to establish the amount received.

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2.3.3 Verification of Purchase Order and Procurement Performance

According to Carter (2012), a purchase order (PO) is an official commercial document and offer issued by a purchaser buyer to a seller, indicating quantities, types and agreed charges for goods or services. It controls the sourcing of products and services from external suppliers. When a purchase order is accepted by the purchaser, it becomes a legal binding on both parties. A purchase order sets forth the quantities, descriptions, prices, payment terms, discounts, date of performance or consignment, other associated terms, and identifies a specific seller.

The importance of purchase orders is to purchase materials for final consumption or stock, cover customer requirements using external resources, procure services or procure a material that is needed in plants from an internal source. They may also place an order once only and enhance performance by taking full advantage of negotiated conditions or for optimal utilization of existing transport capacities.

According to Carter, (2015) performance evaluation reflects an employee's actual job performance levels, but in order measure employee performance, the rating must be accurate. Accuracy is the primary goal of any rating system. Employment decisions that are based on improper ratings are not valid and would be difficult to justify even if challenged in a court of law. Moreover, employees tend to lose their loyalty in the system when ratings do not precisely reflect their performance levels, and this cause labour turnover problems and demotivation, it may also hinder on their chance for career advancement.

In many occurrences, accurate rating seems to be seldom. Inaccuracy is most often attributable to the presence of rater errors such as recency, halo and leniency errors. Staff errors are errors in judgment which occur procedurally when an individual's observe each other and evaluate one another. Human errors may be defined technically as a difference between the output of human judgment process and that of an objective, accurate assessment uncoloured by bias, prejudice, or other subjective, extraneous influences (Feldman, 2011). Another element that can cause inexactness in evaluation is that of procurement staff who are not competent on how to conduct supplier evaluations. Training helps to educate not only on the production process itself, but also how to deal with other issues such as uniformity in assessment and also the sensitization to best evaluation procedures and behaviours.

According to Wexley (2012), even though these is one of the issues that may cause inaccuracy, there is a major factor that should be taken care of at the initial stage of the procurement performance evaluation which is materials fit for use. Setting performance standards that are in line with organizational objectives is always recommended. When employees become aware of the organization's goals this allows them to measure the level of performance expected of them by the top management so that the organization's objective can be accomplished. Hence harmonizing employees' interests with that of the organization reducing the conflict of interest will not only help to enhance their performance, but also the general performance of the organization.

Performance ratings are only effective if it is from the beginning to the end. Coaching, monitoring, counseling, feedback and record keeping by rater periodic observations are crucial. By following that procedure, performance hitches are recognized early and corrected early to avoid costly consequences. The results of performance assessment must be availed to the employees to ensure an organization performance levels are maintained. Human resource needs comment on their performance to be able to correct their performance whenever necessary. They should precisely understand the consequences of their efforts and be able to set goals on the basis of this feedback (Latham, 2011).

Performance rating are most commonly undertaken to let an employee know how his/ her performance compares with the management expectations, whether they are working toward organizational goals, and to identify areas that require improve their skills which can be done through training. Without suitable relationship between the employee and management, undesirable work environment is experienced and hence poor performance.

Therefore lack of open communication may be perceived by the employees as support of their current working conditions and hence poor performance (Krause, 2001).

2.3.4 Verification of Terms of Contract and Procurement Performance

According to Fred (2011), terms of contract is a binding agreement between a purchaser and a seller whereby the buyer get into consensus with the seller and pay for or contribute to the cost of services or goods delivered by the supplier. For the province, standard agreements where the province is the purchaser can take a variety of forms, including but not limited to the Continuing Agreements, the General Services Agreements, Shared Cost Arrangements and Standing Agreements. Contracts may also be referred to as promises or service agreements. Professionalism in Supply Chain Management Monitoring is no doubt a familiar phrase to many colleagues in the human resource in procurement. For example, an administrative organization is a reason for sub-optimal performance. It's the reason why helping professionals cannot practice their training and proficient standards. It's implicated by helping proficient as the cause of mind-numbing routines and meaningless book-keeping. It accounts for clients' alienation as they stand in lines, endures delays, and experience impersonal, client management procedures. It also is invoked by human resource professionals when they complain the lack of time as well as the resources needed for every customer. Bureaucracy is the reason for avoiding favoritism, and it means standardization in the name of equitable, fair treatment.

According to Gareth (2012), a revaluation of fixed assets is a technique that may be required to accurately describe the true worth of business. This should be differentiated from organized depreciation, where the field decline in worth of a portfolio is tied to its age.

Fixed portfolios are held by an organization for the purpose of producing goods or rendering services, as opposed to being held for reselling in the normal course of business. For example, machines, buildings, patents or licenses can be fixed assets of business. The importance of a reappraisal is to bring into the books the fair market worth of fixed portfolio. This may be helpful to decide whether to invest in another business. If a company wants to sell one of its assets, it is revalued in preparation for sales negotiations.

Morrison (2011), argues that it is common to see organizations revaluing their fixed portfolio. It is vital to make the distinctions between a 'private' revaluation and a 'public' revaluation which is contained in the financial reports. The importance is varied: To show the true level of return on initial capital employed; To maintain adequate funds in the organization for replacement of fixed assets at the end of their useful lives. Provision for depreciation based on past cost will show over increased profits and lead to payment of extra dividends; To negotiate fair price for the assets of the company before merger with or acquisition by another company; To show the fair market value of assets which have considerably increased in prices since their purchase such as land and buildings or to enable proper internal reconstruction and external reconstruction. In others it would be; To issue shares to existing stakeholders or for an external issue of shares public issue of shares; To get fair market value of the portfolio, in case of sale and lease-back transaction; When the organization intends to take a loan from banks institutions by mortgaging its fixed portfolio. Proper revaluation of assets would enable the organization to get a higher amount of loan or sale of a personal assets or group of assets.

2.3.5 Procurement Performance

Drucker (2010) believes that there is no efficiency without effectiveness, because it is essential to do something you proposed better (the effectiveness) than do well something else that was not necessarily concerned. The relationship between efficiency and effectiveness is that of a part to the whole, the effectiveness is a necessary condition to achieving efficiency. Knudsen, (2011) viewed procurement performance in terms of efficiency and effectiveness. These two elements could be either quantify financially while other cannot. The scholar further argued that for organization to attained high level of procurement performance professionals must act proactively rather than acting reactively to a situation when the need arises. Baternburg & Versendaal (2013) argued alongside Knudsen by postulating that measuring the performance of the procurement function yields benefits to organizations and such benefits include but not limited to cost reduction, customer satisfaction, assured supplies, enhanced profitability, quality improvements and competitive advantage. This therefore forms key performance indicators of procurement performance for organization.

Richard *et. al.*, (2010) approach procurement performance by categorizing procurement performance in terms of financial performance, customer service, social responsibility, employee stewardship and further added that for performance to be realized there must be close cooperation with the relevant players in the supply chain who share common objective of customer satisfaction. Delaney *et. al.*, (2014) strongly argued that procurement performance could viewed along the dimension pointed out by Batenburg & Versendaal (2006) which include but not limited to customer service and return on investment.

According to OECD (2010) report, providing more public services with less public spending is an ongoing challenge for all OECD member countries that is becoming increasingly important in the context of ageing. In addition, the variety of OECD country approaches to managing public procurement provides useful insights about possible strategies for improving value for money.

2.4 Research Gaps

From the literature reviewed, most writers were of the opinion that inspection of purchases was one activity which procurement department undertook that could have real bottom line fiscal impact. Get it wrong or have none at all and the business could find itself aligned with improper suppliers, ineffective goods and impractical delivery schedules get it right and the organization could be positioned with suppliers who were focused and tuned alongside the needs of the business. They argued that evaluation acted as the initial stage in identifying organizations with suitable controls and capacity that could supply the desired products or services. Whilst there was no standard evaluation method, there were several areas that should be considered, as a result supplier evaluation often included criteria to ensure the suppliers were technically sound, managerially competent, adequately resourced and financially stable.

However, none of the writers attempted to relate the effects of inspection of purchases on procurement performance in public hospitals. This study hence aimed at filling the gap in analyzing the relationship of quality inspection of purchases, quantity inspection of purchases, verification of purchase order and verification of terms of contract in line procurement performance. The four variables were found to be paramount from literature therefore forming the basis of this study.

2.5 Conceptual Framework

The key factors in relation to determinants of effects of inspection of purchases on procurement performance were put into consideration in public hospitals. They included; quality inspection of purchases, quantity inspection of purchases, verification of purchase order and verification of terms of contract. The researcher assessed the association of the dependent and independent variable.

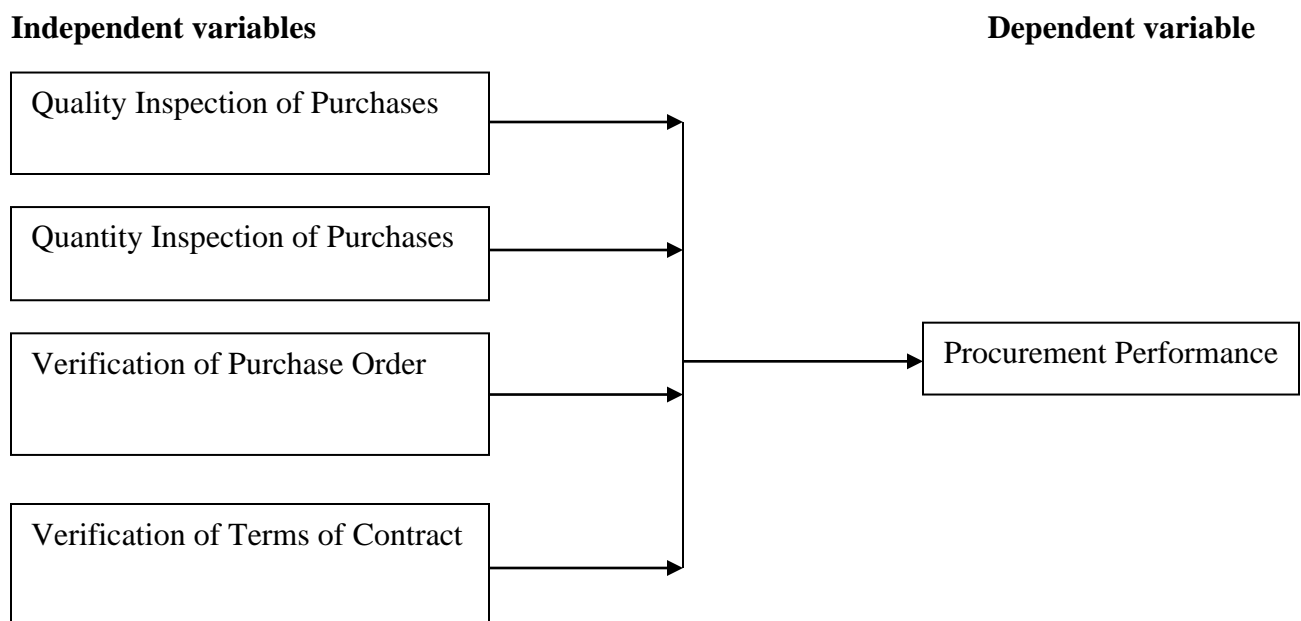


Figure 2.2: Conceptual Framework

The conceptual framework explained the relationship that existed between the independent variables and the dependent variable. The independent variables in this study included quality inspection of purchases, quantity inspection of purchases, verification of purchase order and verification of terms of contract that influenced the procurement performance of Level Four Public Hospitals in Nyeri County.

2.6 Operational Framework

The researcher developed the below operational framework;

Independent Variables

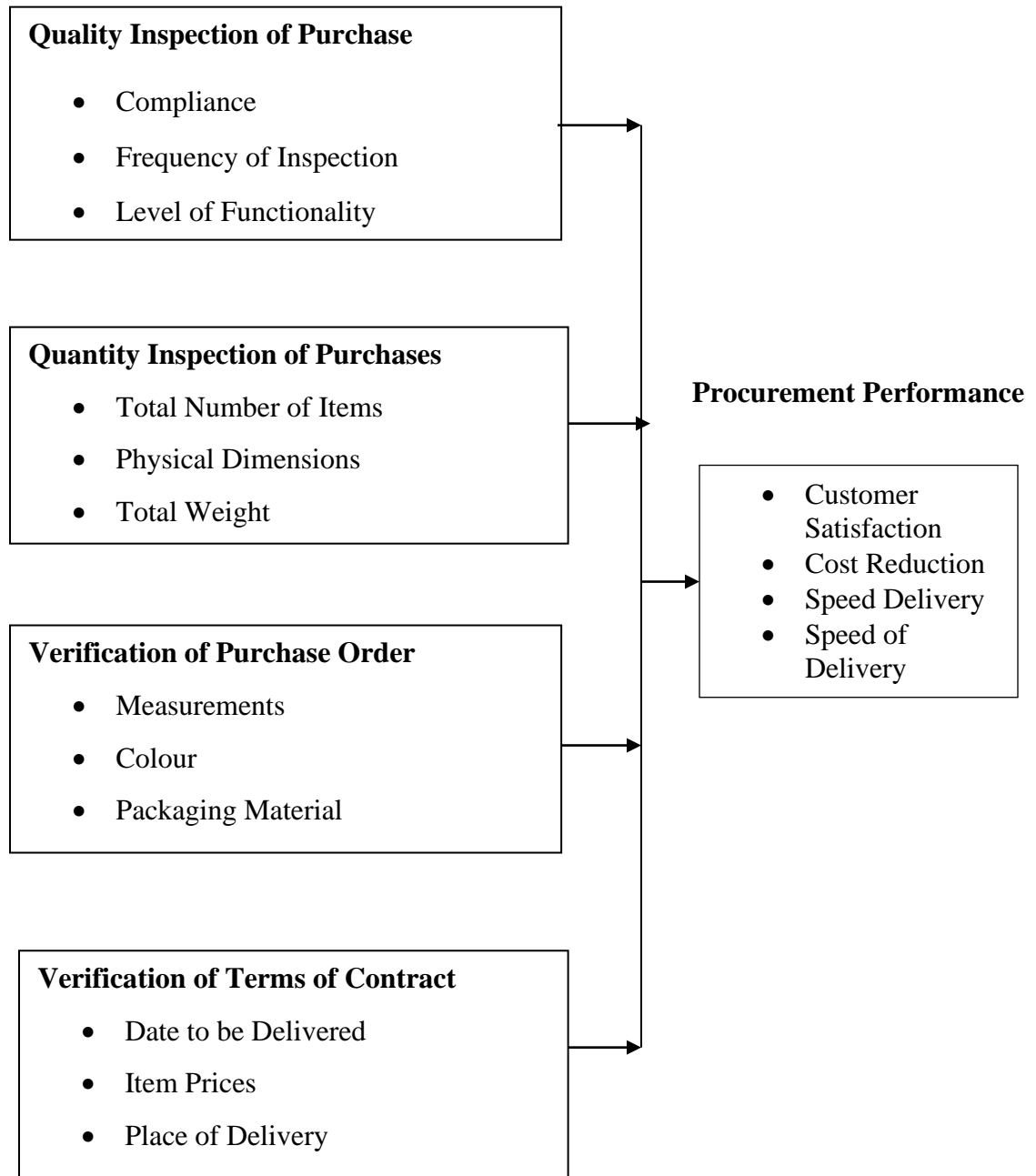


Figure 2.3: Operational Framework

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This section outlined the research design and methodologies used by the researcher. It explained the types of research design used, the study population, data collection instruments, and data analysis.

3.2 Research Study Design

A descriptive study was appropriate in this case, according to Mugenda and Mugenda (2003), it is one which information is collected without changing the environment. According to Mark (2003), a research design is the overall plan for conducting a study in order to answer the research question. The researcher used qualitative research design, which is a method of enquiry aimed at gathering an in-depth understanding of a given topic. It was the most appropriate method to use in the study since much of the information was presented in a descriptive form hence being easier to understand and interpret. It involved the use of questionnaires to acquire data from respondents.

3.3 Target Population

The target population of this study was the employees of the 4 level 4's public hospitals in Nyeri County. They were the employees in the procurement department who were 47 in number.

Employees in the procurement section were chosen as the target population since they were the ones who were conversant with the procurement issues of the organization and gave objective information.

Table 3.1: Target Population

The study population comprised of 47 employees in the procurement department of the 4 level 4 public hospitals in Nyeri County as shown in Table 3.1 below.

Procurement Department	MT. Kenya Hospital	Karatina District Hospital	Mukurweini District Hospital	Othaya District Hospital	Population
Procurement Managers	1	1	1	1	4
Assistant Procurement Managers	2	3	3	2	10
Store Officers	1	3	2	2	8
Transport & Logistics	6	7	7	5	25
Total					47

Source; Human Resource Section-(Level four Public Hospitals -2017)

The population considered all the personnel who are directly related to the procurement of items in the level four hospitals. These were the most suitable to provide relevant information needed for the study.

3.4 Sampling Procedure and Sample Size

Since the target population embraced a number of distinct categories, census approach was suitable. The two main reasons for using a census approach are: the target population was small and they were all accessible to the researcher. According to Orodho (2005), a population of less than 60 subjects need not be sampled out. Therefore, the accessible population of 47 employees was used to obtain the data required.

3.5 Data Collection Instruments

The instrument for the data collection was questionnaires, which were administered by the researcher. The structured questionnaires were then distributed to the individual respondent within the hospitals to gather the necessary information for the study. A five point Likert scale questionnaire was used and intended to measure the level of agreement or disagreement. Likert scale is appropriate in measuring perception, attitude, values and behavior and assisted greatly in converting the qualitative responses into quantifiable values of this research (Mugenda & Mugenda, 2003).

3.6 Pilot Study

The researcher carried out a pilot study in order to test the feasibility of the research tools and methods. To accomplish this, the researcher trained the research assistants on how to conduct the data collection. The researcher then conducted the pilot study taking questionnaires of 4 respondents from Nyeri P.G.H. The data was then analyzed to find its relevance.

3.6.1 Validity of the Data Collection Instruments

Validity of research instruments ensure scientific usefulness of the findings arising there of (Serakan, 2003; Nachmias et al, 1996). Validity is the extent to which the instruments captured what they purport to measure (Dooley, 2003). Internal, external, construct, and content validity of the instruments are critical in all forms of research (Cooper, 2008). Content validity ensures that the research instruments measures what is intended to measure (Brewer, 2000). To uphold content validity; the researcher intends to take representative questions from each of the section and pre-evaluate them against outcome. Internal validity is a property of scientific study which reflects the extent to which a study minimizes systematic error or bias (Mitchel, 2008).

External Validity is the extent to which the results of the study can be generalized to other situations and people (Aronson, 2007). To improve on external validity, the study applied triangulation where semi structured interview guide, open and close ended were used in a pilot study on a selected sample of four respondents in the study area. The data obtained during pretesting was analyzed to develop dummy results that were analyzed to find out if it was correlating.

3.6.2 Reliability of Data Collection Instruments

The reliability of a research instrument is concerned with the extent to which the instrument yields similar result over a number of repeated trials (Orodho 2005). The study used the test-re-test method to determine the reliability of the instruments. Pre-testing of tools was undertaken to test whether the questions were clear and easily understood. The pre-testing was also done to improve on the content of the question and to estimate on the time required in undertaking the exercise. Internal consistency of the questionnaires was determined via the test reliability index using Cronbach's coefficient alpha (Cronbach, 1951). Instrument reliability was tested using Cronbach's Alpha coefficient of internal consistency.

It measured how closely related a set of items were as a group. Cronbach Alpha is preferred because it is efficient in determining data extracted from dichotomous questionnaire as well as multipoint questionnaire. The study intended to carry out a parallel form of pretest using two sets of questionnaire that test the same content on the study population. Alpha estimator of reliability was calculated to obtain the correlation co-efficient. A co-efficient of Alpha 0.7 and above indicates that the research instrument is reliable. The higher correlation between the results in both tests the greater the reliability as follows:

$$A = (k/(k-1)) * [1 - S(s_{2i}) / s_{2sum}]$$

Where,

K= the number of individual questions.

S_{2i}= the variances for all individual questions.

S_{2sum}= the variance for the sum of all the questions.

A commonly accepted rule of the thumb for describing internal consistency using Cronbach's alpha is as follows:

Cronbach's alpha	internal consistency
$a \geq 0.9$	Excellent
$0.9 > a \geq 0.8$	Good
$0.8 > a \geq 0.7$	Acceptable
$0.7 > a \geq 0.6$	Questionable
$0.6 > a \geq 0.5$	Poor
$0.5 > \alpha$	Unacceptable

3.7 Data Analysis and Presentation

Before processing the responses, the completed questionnaires were checked for completeness and consistency. Quantitative data collected was analyzed by descriptive statistics, and presented through tables, charts and in prose. This was attained through frequency distributions, means, modes, percentages and standard deviations, simple and cross tabulations. Qualitative data were coded into the different factors and sectors, and analyzed through Content Analysis. Content Analysis is a research technique for the objective, systematic, and quantitative description of manifest content of communications (Berelson, 1952).

It was used to determine the presence of certain words, concepts, themes, phrases, characters, or sentences within texts or sets of texts and it is accounted objectively. The analysis utilized SPSS version 17 software to facilitate all computations and output for interpretation by the study. Leyla (2001) observes that SPSS offers extensive data handling capabilities and numerous statistical analysis routines that can analyse small to very large amounts of data. Descriptive analyses of the study was done and expressed through frequency tables, percentages, charts means and standard deviations. The study used a Likert scale ranging from 1 to 5 for analyzing items that are in nominal scale.

Inferential statistics were used to test variable relationships in which regression analysis showed how the variables were related while correlation analysis indicated the degree of relationship between the variables. For these tests, ANOVA, t-test and F-test were used. The Ordinary least squares regression analysis was done and interpreted to determine the influence that the independent variables have on the dependent variable which in this case is procurement performance. The research questions were tested to determine whether the independent variables affected procurement performance.

An analysis was done involving each independent variable separately to test their individual influence on the dependent variable. The ANOVA F-statistic was used to test the research questions for the regressor coefficients for each variable to be equal to zero. All the independent variables were combined and involved in the analysis. Finally, the ANOVA F-statistic was used to test the research questions that the regressor coefficients of all the independent variables are jointly equal to zero. The regression model that was used is presented in the equation below.

$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e$ where: Y is the dependent variable

β_0 is the constant term

β_i is the coefficient of the independent variable X_i where $i = [1, \dots, 5]$

X_i is independent variable where $i = [1, \dots, 5]$

e is the error term.

The study appreciates that there were other effects of inspection of purchases that affect procurement performance apart from the variables being investigated. These factors were represented by β_0 . The error term (e) represents “noise” or interference which denotes that there may be a non-linear relationship between the independent and dependent variable.

3.8 Ethical Considerations

While conducting the study, the researcher observed ethical issues. This was achieved by the research seeking for approval and authority to carry out research from the Dedan Kimathi University of Technology before embarking on the research.

During the designing of the questionnaires care was taken not to ask offensive or sensitive personal information from the respondents. The study made prior arrangements and booked appointments with the respondents to avoid inconveniencing them. The study explained to the respondents the nature and purpose of the research and that no financial benefits were received by the respondents for participation in the study.

The study assured the respondents anonymity that information given was treated with a lot of professionalism, confidentiality and was for the purpose of the study only. The study sought the respondents’ approval to participate in the study before issuing the questionnaires and gave them the option to withdraw from the study at any point during the study.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

This chapter discussed the interpretation and presentation of the findings obtained from the field. The chapter presented the background information of the respondents, findings of the analysis based on the objectives of the study. Descriptive and inferential statistics were used to discuss the findings of the study aimed to establish establish the effects of inspection of purchases on procurement performance in public hospitals in Nyeri county.

4.2 Response Rate

The study targeted 47 respondents since the study adopted census approach, from which 45 filled in and returned the questionnaires making a response rate of 95%. This response rate was satisfactory to make conclusions for the study. The response rate was representative. According to Mugenda and Mugenda (2003), a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent. Based on the assertion, the response rate was considered to excellent.

Table 4.1:Response Rate

The response rate was at 95% as summarized in the table below.

Response	Frequency	Percentage (%)
Responded	45	95
Not Responded	2	5
Total	47	100

4.3 Reliability Analysis

A pilot study was carried out to determine reliability of the questionnaires. The pilot study involved the sample respondents. Reliability analysis was subsequently done using Cronbach's Alpha which measured the internal consistency by establishing if certain items within a scale measured the same construct. Gliem and Gliem (2003) established the Alpha value threshold at 0.7, thus forming the study's benchmark. Cronbach Alpha was established for every objective which formed a scale. The table shows that quantity inspection of purchase support had the highest acceptable reliability ($\alpha= 0.827$), followed by verification of purchase order ($\alpha=0.775$), verification of terms of contract ($\alpha=0.764$), and quality inspection of purchase ($\alpha=0.722$). This illustrated that all the four variables were reliable as their reliability values exceeded the prescribed threshold of 0.7

Table 4.2:Reliability Analysis

Scale	Cronbach's Alpha	Number of Items
Quality Inspection of Purchase	0.722	34
Quantity Inspection of Purchase	0.827	21
Verification of Purchase Order	0.775	7
Verification of Terms of Contract	0.764	14

4.4 Background Information

The respondents were requested to indicate their gender, age, terms of employment, level of education, position held in the organization.

4.4.1 Gender

The study sought to determine the gender of the respondent and therefore requested the respondent to indicate their gender. The study found that majority of the respondent as shown by 48.7% were males whereas 51.3% of the respondent were females, this is an indication that both genders were involved in this study and thus the finding of the study did not suffer from gender biasness.

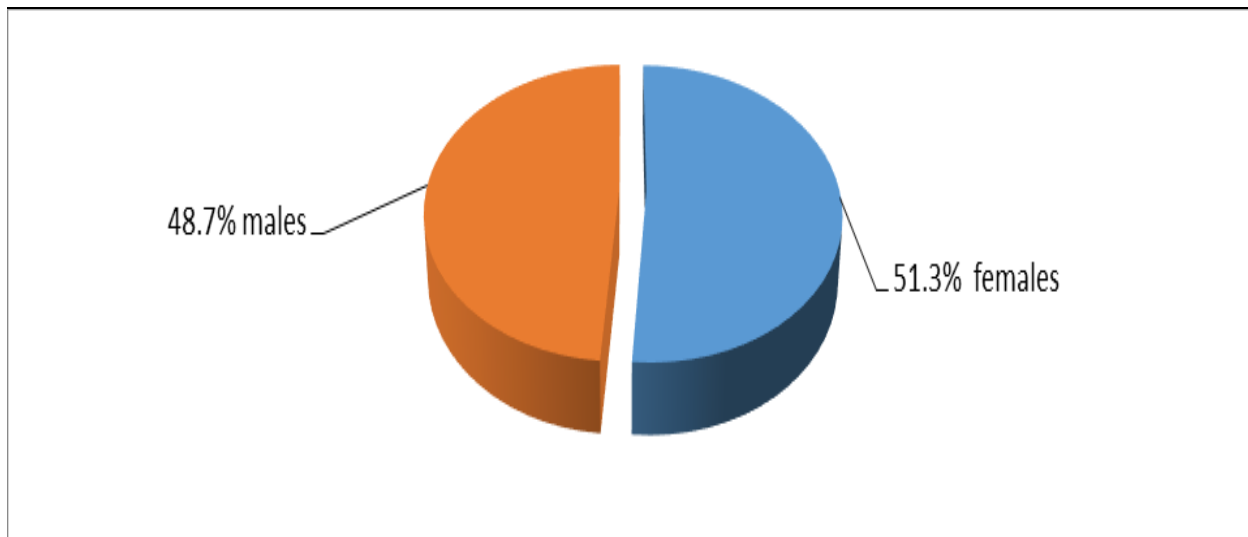


Figure 4.1: Distribution of Gender of the Respondents

4.4.2 Age of the Respondents

The study requested the respondent to indicate their age category, from the findings, it was found that most of the respondents as shown by 40% of the respondents were aged between 36 to 45 years, 17% of the of the respondent were aged between 18 to 25 years, 20% were 26 to 35 years, 13% were aged between 55 years, 10% of the respondent were aged between 46 to 55 years. This was an indication that respondents were well distributed in terms of their age.

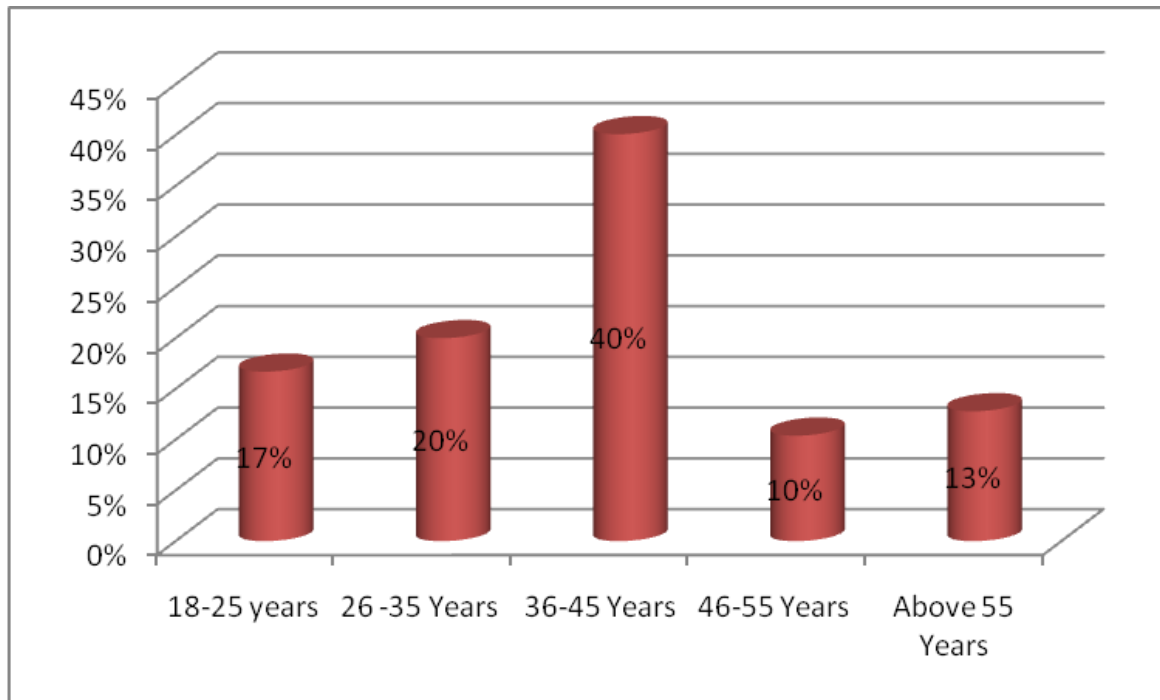


Figure 4.2: Distribution of Age of the Respondents

4.4.3 Terms of Employment

The study requested the respondent to indicate their terms of employment, according to the findings in figure 4.4 majority of the respondents 40.8% indicated they were on contract terms of employment, 38.7% were on casual terms while 20.5% were on permanent basis. This indicated that the researcher obtained information from respondents in all terms of employment therefore obtained credible information.

Table 4.3: Terms of Employment

Terms	Frequency	Percentage (%)
Casual	17	38.7
Contract	18	40.8
Permanent	9	20.5
Total	45	100

4.4.4 Level of Education

The study requested the respondents to indicate their highest level of education. It was found that most of the respondents as shown by 38.7% were diploma holders, 28% were degree holders, 20.5% had O-levels and 12.8% were post graduates. This was an indication that most of the employees were literate and therefore gave reliable information.

Table 4.4: Level of Education

Level of Education	Frequency	Percentage (%)
O-Levels	9	20.5
Diploma	17	38.7
Degree	13	28
Post Graduate	6	12.8
Total	45	100

4.4.5 Position held in the Organization

The study requested the respondents to indicate their positions in the organization. According to the findings, majority of the respondents, 31.2% held operative level positions, 29.6% held supervisory positions, 29.6% held middle level managers position, 10.5% held Top level manager position. This indicated that the respondents were conversant with the purchasing function in the organization.

Table 4.5: Position Held in Organization

Position	Frequency	Percentage (%)
Operative level	14	31.2
Supervisory	13	29.6
Middle Level	13	29.6
Top management level	5	9.6
Total	45	100

4.4.6 Level of agreement

From the results in Table below, the study sought to establish the level of agreement that the hospitals had put in place measures to enhance compliance that affected procurement performance. The findings showed that majority of the respondents disagreed that management had shown responsibility by setting high standards of integrity as shown with a mean of 2.25, organizational procedures to prevent fraud and corruption like data security as shown with a mean of 2.20, accounting controls like segregation of duties shown with a mean of 2.30, there were no procurement controls as shown with a mean of 2.20. However, the respondents agreed that there was a developed code of Ethics as shown with a mean of 3.72.

Table 4.6: Level of Agreement that Your Hospital has Put in Place Measures to Enhance Compliance that Affects Procurement Performance

Statement	Mean	Standard Deviation
Management responsibility by setting high standards of integrity	2.25	0.04
Organizational procedures to prevent fraud and corruption like data security	2.20	0.02
Accounting controls like segregation of duties	2.30	0.01
There is procurement controls	2.20	0.02
There is developed code of Ethics	3.72	0.03

4.4.7: Extent Compliance Affected Procurement Performance

From the results in the table below, the study sought to establish extent to which compliance affected procurement performance. From the findings, the respondents agreed to a low extent that Suppliers confidence to participate in government market place as shown with a mean of 1.92, Staffs able to avoid conflict of interest as shown with a mean of 1.66, promoted openness and accountability as shown with a mean of 1.77, reduced cost of margin risks as shown with a mean of 1.19, High cost of acquisition of goods, services and works as shown with a mean of 1.86.

Table 4.7: Extent Compliance Affected Procurement Performance

Statement	Mean	Standard Deviation
Suppliers confidence to participate in government market place	1.92	0.03
Staffs able to avoid conflict of interest	1.66	0.01
Promotes openness and accountability	1.77	0.02
Reduces cost of managing risks	1.19	0.01
High cost of acquisition of goods, services and works	1.86	0.02

4.4.8: Level of Compliance

From the results in Table 4.8 below, the study sought to rate various statements regarding levels of compliance. The findings indicated that respondents rated low level of organizations' will to follow the laid down procurement procedures as shown with a mean of 2.21, measures taken to those who forfeit the procurement procedures as shown with a mean of 2.40, proper records of procurement activities as shown with a mean of 2.48, organization reputation regarding accountability as shown with a mean of 2.20, reporting to regulatory bodies as shown with a mean of 2.30.

Table 4.8:Level of Compliance

Statement	Mean	Standard Deviation
Organization will to follow the laid down procurement procedures	2.21	0.02
Measures taken to those who forfeit the procurement procedures	2.40	0.04
Organization reputation regarding accountability	2.20	0.02
Proper records of procurement activities	2.48	0.04
Reporting to regulatory bodies	2.30	0.02

4.4.9: Number of Inspections

From the results in Table 4.9, the study sought how often the hospitals inspected and from the findings the respondents indicated that it was done weekly for purchases being delivered with a mean of 2.3, semi-annually for purchases in the store/warehouse 4.2, 4.1 for purchases that were in use and 4.0 for purchases before delivery.

Table 4.9:Number of Inspections

Statement	Mean	Standard Deviation
When the purchases are being delivered	2.3	0.03
Purchases in the store/warehouse	4.2	0.01
Purchases that are in use	4.1	0.04
Purchases before delivery	4.0	0.05

4.4.10: Level of Agreement that Frequency of Inspection Affects Procurement

The study sought to establish the effect of frequency of inspection on procurement performance. The findings in table 4.10 show that the respondents strongly disagreed inspection ensured purchases were fit for use as shown with a mean of 1.52, there was reduced waste as shown with a mean of 1.57, it reduced delays of the production process as shown with a mean of 1.63, there was cost reduction as shown with a mean of 1.69.

Table 4.10:Level of Agreement that Frequency of Inspection Affects Procurement Performance in the Organization

Statement	Mean	Standard Deviation
Purchases are fit for use	1.52	0.03
There is reduced waste	1.57	0.04
It reduces delays of the production process	1.63	0.05
There is cost reduction	1.69	0.02

4.4.11: Level of Agreement on the Measures given to Enhance the Frequency of Inspection in the Organization

The study sought to establish respondents' level of agreement on the measures to enhance frequency of inspection in the hospitals. The findings in table 4.11 indicated that the respondents disagreed that there was monitoring by the procurement managers of the procurement officers as shown with a mean 1.71, procurement officers commitment to their job as shown with a mean 2.57. The respondents also disagreed that there was proper procurement planning by the procurement department as shown with a mean of 2.33

Table 4.11:Level of Agreement on the Measures given to Enhance the Frequency of Inspection in the Organization

Statement	Mean	Standard Deviation
Monitoring by the procurement managers of the procurement officers	1.71	0.02
Procurement officers commitment to their job	2.57	0.03
Proper procurement planning by the procurement department	2.33	0.01

4.4.12 Extent of Agreement that Procurement Staff are able to Inspect Level of Functionality of Purchase in the Organization

The study sought to determine the level of agreement relating to procurement staff being able to inspect level of functionality of purchase in the hospitals. According to the findings in table 4.12 the respondents strongly agreed that competent staffs were employed as shown with a mean of 3.55. However, they disagreed that resource allocations were available as shown with a mean of 2.38, budgets were prepared and adhered to as shown with a mean of 2.40, staffs were taken for training 1.75, effective decision making as shown with a mean of 2.40, achieving organization goals and objective on time as shown with a mean of 2.36.

Table 4.12:Extent of Agreement that Procurement Staff are able to Inspect Level of Functionality of Purchase in the Organization

Statement	Mean	Standard Deviation
Competent staffs are employed	3.55	0.03
Resource allocations are available	2.38	0.02
Budgets are prepared and adhered to	2.40	0.02
Staffs are taken training thus improved service delivery	1.75	0.01
Effective decision making	2.40	0.02
Achieving organization goals and objective on time	2.36	0.02

4.4.13: Level of Functionality and its Effects on Procurement Performance

The study sought to determine level of functionality and its effects on procurement performance. According to the findings in table 4.13 the respondents indicated that conformity to the purchase use/ reliability has high effect on procurement as shown with a mean of 1.23, flexibility also has high effect as shown with a mean of 1.54, reduction of purchasing cycle time as shown with a mean of 1.28.

Table 4.13: Level of Functionality and its Effects on Procurement Performance Based on the following Statements

Statement	Mean	Standard Deviation
Conformity to the purchase use/ Reliability	1.23	0.03
Flexibility	1.54	0.04
Reduction of purchasing cycle time	1.28	0.01

4.4.14: Relationship between Suppliers and Total Number of Items

The study sought to establish kind of relationship that existed between suppliers and total number of items supplied based on some statements. According to the findings in table 4.14 the study found that there existed a good relationship when there was timely payment as shown with a mean of 1.73 and adherence to Specification as shown with a mean of 1.69. However the study established there existed a strained relationship when there were delays in supply as shown with a mean of 3.01, delayed payments as shown with a mean of 3.00, poor awarding of tenders as shown with a mean of 3.12, Failure to adhere to specifications as shown with a mean of 3.24.

Table 4.14: Kind of Relationship that exists between Suppliers and Total Number of Items Supplied based on the following Statements

Statement	Mean	Standard Deviation
Timely Payment	1.73	0.03
Adherence to Specification	1.69	0.03
Delay in supply	3.01	0.06
Delayed Payments	3.00	0.03
Poor awarding of tenders	3.12	0.02
Failure to adhere to specifications	3.24	0.06

4.4.15 Level of Agreement on the Measures given to Enhance the Physical Dimensions of Inspection in the Organization

The study sought to establish level of agreement on the measures given to enhance the physical dimensions inspection in your organization, according to the findings in table 4.15 the respondents disagreed that the organization had specific dimension clear in a policy document as shown with a mean of 2.43, well trained procurement personnel as shown with a mean of 1.87, policies strictly followed by the procurement department as shown with a mean of 2.44.

Table 4.15: Level of Agreement on the Measures Given to Enhance the Physical Dimensions of Inspection in your Organization

Statement	Mean	Standard Deviation
The organization has specific dimension clear in a policy document	2.43	0.04
Well trained procurement personnel	1.87	0.01
Policies strictly followed by the procurement department	2.44	0.04

4.4.16: Frequency of Inspection in Terms of Physical Dimension

The study sought to establish how often organization inspect quantity in terms of physical dimensions for purchase. According to the findings in table 4.16, the respondents indicated inspection is done weekly when the purchases are being delivered as shown with a mean of 2.32, semi-annually for purchases in the store/warehouse as shown with a mean of 4.20, purchases that are in use as shown with a mean of 4.10 and purchases before delivery as shown with a mean of 4.0.

Table 4.16: How often do you Inspect Quantity in terms of Physical Dimensions for your Purchase in regard to the following Statements

Statement	Mean	Standard Deviation
When the purchases are being delivered	2.32	0.03
Purchases in the store/warehouse	4.20	0.01
Purchases that are in use	4.10	0.04
Purchases before delivery	4.00	0.05

4.4.17: Level of Agreement on whether Total Weight can be applied in Quantity Inspection of Purchases in the Organizations

The study sought to establish various measures that could be applied for inspection in the hospitals. According to the findings in table 4.17, the respondents agreed when measured using tones as shown with a mean of 3.77, when measured using kilograms as shown with a mean of 4.00, when measured using grams as shown with a mean of 4.23, when measured using milligrams as shown with a mean of 4.01 and when measured using litres as shown with a mean of 3.87.

Table 4.17: Level of Agreement on whether Total Weight can be applied in Quantity Inspection of Purchases in your Organizations

Statement	Mean	Standard Deviation
When measured using tones	3.77	0.04
When measured using kilograms	4.00	0.05
When measured using grams	4.23	0.02
When measured using milligrams	4.01	0.03
When measured using litres	3.87	0.04

4.4.18: Level of Agreement on whether Measurements can be applied in Verification of Purchase order in Organizations

The study sought to establish level of agreement on whether measurements could be applied in verification of purchase order in the hospitals. According to the findings in table 4.18 respondents agreed when using measured meters as shown with a mean 3.77, when measured using centimeters as shown as shown with a mean 4.00, when measured using millimeters shown with a mean 4.23.

Table 4.18: Level of Agreement on whether Measurements can be Applied in Verification of Purchase Order in Organizations

Statement	Mean	Standard Deviation
When measured using meters	3.77	0.03
When measured using centimeters	4.00	0.05
When measured using millimeters	4.23	0.02

The study sought to establish level of agreement on whether measurements could be applied in verification of purchase order in the hospitals. According to the findings in table 4.14 respondents agreed when using measured meters as shown with a mean 3.77, when measured using centimeters as shown as shown with a mean 4.00, when measured using millimeters shown with a mean 4.23.

4.4.19: Inspection of Color of Purchases

The study sought to establish how the hospitals inspected color of purchase in regard to the statements that were given. According to the findings the respondents indicated it was done weekly for purchases that were being delivered as shown with a mean of 2.3, semi-annually for purchases that were in the store/warehouse as shown with a mean of 4.2, purchases that were in use as shown with a mean of 4.1 and purchases before delivery as shown with a mean of 4.0.

Table 4.19:How often you Inspect Colour of your Purchase in regard to the following Statements

Statement	Mean	Standard Deviation
When the purchases are being delivered	2.3	0.03
Purchases in the store/warehouse	4.2	0.01
Purchases that are in use	4.1	0.04
Purchases before delivery	4.0	0.05

4.7 Verification of Terms of Contract

The study sought to determine level of agreement on statement on contract management and how it influenced procurement performance in the hospitals. According to the findings, the respondents agreed delays in payments to suppliers led to delayed service delivery as shown with a mean of 3.70, lack of proper controls in management of contracts as shown with a mean of 3.82 and progress report were not filed with management as shown with a mean of 3.87. Respondents however disagreed that internal control mechanisms were formed before payments of contracts as shown with a mean of 2.41.

Table 4.20: Level of Agreement on Contract Management and how it Influences Procurement Performance in your Organization

Statement	Mean	Standard Deviation
Internal control mechanisms are formed before payments of contracts	2.41	0.01
Delays in payments to suppliers leads to delayed service delivery	3.70	0.02
Lack of proper controls in management of contracts	3.82	0.03
Progress report are not filed with management	3.87	0.04

4.7.1: Procedures for Contract Agreement

The study sought to establish procedures adhered to when it came to contract management within the hospitals. According to the findings in table 4.17, the respondents disagreed adequate governance/oversight existed over procurement contract management as shown with a mean of 2.48, procurement and contracting needs/requirements were identified in a coordinated and timely manner as shown with a mean of 2.42, procurement and contracting information used for reporting purposes was accurate and appropriate as shown with a mean of 2.04, employees are provided with necessary tools and training to support their procurement and contract management responsibilities as shown with a mean of 1.73, payments were made only for services received and in accordance with contract terms and conditions and in the appropriate period as shown with a mean of 2.12.

Table 4.21: Procedures Adhered to when it comes to Contract Management within the Organization

Statement	Mean	Standard Deviation
Adequate governance/oversight exists over procurement contract management	2.48	0.01
Procurement and contracting needs/requirements are identified in a coordinated and timely manner	2.42	0.03
Procurement and contracting information used for reporting purposes is accurate and appropriate	2.04	0.02
Employees are provided with necessary tools and training to support their procurement and contract management responsibilities	1.73	0.04
Payments are made only for services received and in accordance with contract terms and conditions and in the appropriate period	2.12	0.05

4.7.2: Comparison of Prices for Purchases

The study sought to establish how often prices were compared for purchases. According to the findings in table 4.18, the study established prices were compared weekly when the purchases were being delivered as shown with a mean of 2.3, annually for purchases in the store/warehouse as shown with a mean of 4.2, purchases that were in use as shown with a mean of 4.1 and purchases before delivery as shown with a mean of 4.0.

Table 4.22:How often Prices are Compared for Purchase

Statement	Mean	Standard Deviation
When the purchases are being delivered	2.3	0.03
Purchases in the store/warehouse	4.2	0.01
Purchases that are in use	4.1	0.04
Purchases before delivery	4.0	0.05

4.8 Procurement Performance

Table 4.23:Level of Customer Satisfaction in Relation to Procurement Performance in Organization

Statement	Mean	Standard Deviation
Customer Loyalty	2.34	0.03
Intentions to Repurchase	2.65	0.02
Number of Complaints	2.11	0.08
Employees Happiness	2.21	0.03
There is good pricing	2.37	0.04

The study sought to establish level of customer satisfaction in relation to procurement performance in organization. According to the findings the respondents had moderate customer loyalty as shown with a mean of 2.34, intentions to repurchase as shown with a mean 2.65, moderate number of complaints as shown with 2.11' moderate employees happiness as shown with 2.21 and moderate pricing as shown with 2.37.

4.9 Diagnostic Checks

This section presents diagnostic tests for the assumptions of regression analysis the study conducted normality test

4.9.1 Normality Test

Shapiro-Wilk W test was used to test the normality of the data. Diagnostic checks

This section presents diagnostic test for the assumptions of regression analysis. The normality test was conducted as a check on the assumptions of regression analysis.

4.9.1 Normality Test

Shapiro-Wilk W test and Kolmogorov-Smirnov tests was used to test the normality of the data.

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Performance	.298	45	.023	.807	45	.022
quality	.397	45	.043	.921	45	.044
inspection						
quantity	.342	45	.023	.564	45	.024
inspection of						
purchases						
verification	.561	45	.023	.621	45	.034
of purchase						
order						

a. Lilliefors Significance Correction

The results show all variables were normally distributed p value greater than 0.05

4.10 Regression Analysis

A multivariate regression model was applied to determine the relative importance of each of the four variables affecting performance.

4.10.1 Model Summary

The results as shown in the table 4.9 indicates that the coefficient of regression, $R= 0.803$ shows a good strength of the relationships between independent variables and the dependent variable. The coefficient of determination $R^2= 0.644$ shows the predictive power of the model and in this case 64.4% of variations in the procurement management processes is explained by the independent variables.

The adjusted coefficient of determination R^2 shows the predictive power when adjusted for degrees of freedom and sample size. In this case, after the adjustments 61.8% of the variations in the procurement performance is explained by the independent variables.

Table 4.24:Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.803 ^a	.644	.618	.78381

4.10.2 ANOVA

ANOVA findings as explained by the P-Value of 0.000 which is less than 0.05 (significance level of 5%) confirms the existence of correlation between the independent and dependent variables. The model shows the model fitness i.e. how well the variables fit the regression model. From the results, the F ratio of 24.815 and the significance of 0.000 shows that there was not much difference in means between dependent and independent variables. The sum of squares gives the model fit and hence the variables fit the regression model.

Table 4.25: ANOVA**ANOVA^a**

Model	Sum of Squares	D.F	Mean Square	F	Sig.
Regression	61.144	3	15.286	24.882	.000(a)
Residual	33.789	41	.614		
Total	94.933	44			

4.10.3 Regression Coefficients

The regression model was as follows: $Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + e$

Using the values of the coefficients (β) from the regression coefficient table 4.8 the established multiple linear regression model takes the form of;

$$Y = 5.056 + 0.161X_1 + 0.222X_2 + 0.178X_3 + 0.207X_4$$

Where;

Constant = 5.056; when value of the independent variables are zero, the procurement performance would take the value 5.056.

$X_1 = 0.161$; one unit increase in quality inspection of purchases results in 0.161 units in the procurement performance.

$X_2 = 0.222$; one unit increase in quantity inspection of purchases results in 0.422 units increase in the procurement performance.

$X_3 = 0.178$; one unit increase in verification of purchase order results in 0.178 units increase in the procurement performance

$X_4 = 0.207$; one unit increase in contract administration in 0.207 units increase in the procurement management process.

Ranking the predictors variables in terms of their individual influence on the procurement management processes, the table 4.20 shows the relative importance of each the predictions i.e. quantity inspection of purchases (0.222), contract administration (0.207), verification of purchase order (0.178) and finally quality inspection of purchases (0.161) respectively.

Table 4.26:Regression Coefficients

Coefficients^a

Model		Unstandardized		Standardized	T	Sig.
		Coefficients		Coefficients		
		B	Std. Error	Beta	B	Error
1	(Constant)	5.056	3.061		1.652	.104
	Inspection of purchases quantity	.161	.073	-.204	-2.221	.030
	inspection of purchases verification of purchase order	.222	.079	.623	5.344	.000
	Contract administration	.178	.058	.375	3.063	.003
		.207	.039	.472	5.328	.000

a: Dependent Variable: Procurement Performance

4.10 Discussion of Findings

The findings from the study indicated inspection of purchases affected procurement performance since it also covered all matters that individually or collectively influenced the performance of the level four public hospitals.

Quality inspection was missing yet this would ensure that all the products were of the highest quality required for their intended use which forms an integral part of all key activities in procurement. The study concurred with Colley (2005) who amplified that approach of quality inspection should be within management control and its positive achievement is an extremely effective way of enhancing high results within the procurement performance. An indication that to achieve high performance, the process of procurement and management of material resources must be carried out having quality inspection in mind thereby providing the products that are required, with the required quality.

The findings indicated that quantity inspection of purchases also affected procurement performance since through quantity inspection of purchases in the hospitals they would be in a position to check products conform to the purchase order requirements and other relevant documents (which: correct model number, description, size, type, color, ratings, etc.), the quantity ordered against the quantity delivered, there is no damage or breakage, the unit of measurement count is correct.

The study concurred with findings by Jones and George (2009) due to the strong impact of the quantity inspection of material resources on compliance with the product requirements, controlling and establishing appropriate monitoring and measurement methods would have an important contribution to further improve the efficiency and performance of the hospitals in this case.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The chapter provided the summary of the findings from chapter four, and it also gave the conclusions and recommendations of the study based on the objectives of the study. The objective of this study was to establish the effects of inspection of purchases on procurement performance in public hospitals in Nyeri County.

5.2 Summary of the Findings

The study found that the hospitals had not put in place controls to instill supplier's confidence on quality of inspection which led to an increase of cost of goods acquisition. The hospitals needed to put in place measures such as data security to prevent fraud and curb corruption. The study also found that there existed a relationship between suppliers and total number of items supplied and there existed a strained relationship when there was delay in payments and poor awarding of tenders. It was also established that the procurement policies put in place for the hospitals were not followed in some instances which affected the procurement performance.

On verification of purchase, the study established that verification of purchase order in the facilities could be done using meters, centimeters and millimeters. Moreover, it was noted that procedures were not adhered to when it came to contract management within the organization.

The study further established that adequate governance/oversight did not exist over procurement contract management, procurement and contracting needs/requirements were not identified in a coordinated and timely manner, procurement and contracting information used for reporting purposes was inaccurate and inappropriate.

5.2.1 Effects of Quality Inspection of Purchases on Procurement Performance in Level Four Public Hospitals in Nyeri County

The study sought to establish effects of quality inspection of purchases on procurement performance in level four public hospitals in Nyeri County. Generally, quality inspection of purchases was an important method the procurement function could use for planning records of materials required for production. However, this was not the case in these health facilities. The procurement personnel failed to keep a balance between quantities of inventory purchased and stored with production requirement so that overstocking and under-stocking would not occur. The cost of ordering and carrying inventories could be minimized and maintained within reasonable limits so that the facilities could minimize production cost and maximize profit as echoed by Rozemeijer, 2007.

5.2.2 Effects of Quantity Inspection of Purchases on Procurement Performance in Level Four Public Hospitals in Nyeri County.

The study sought to establish the effects of quantity inspection of purchases on procurement performance in level four public hospitals in Nyeri County. The findings from the study indicated that the hospitals had not put in place compliance measures to ensure that quantity inspection was done. The management failed to set high standards of integrity and organizational procedures to prevent fraud and corruption like data security.

The study found that lack of proper quantity inspection negatively affected procurement performance thus hindering openness and accountability and thereby increasing the cost of managing risks.

5.2.3 Effects of Verification of Purchase Order on Procurement Performance in Level Four Public Hospitals in Nyeri County.

The study found that the facilities did not inspect color of purchase when the purchases were being delivered. The study also found that the procurement department did not inspect purchases in the store/warehouse, purchases that were in use, purchases before delivery.

5.2.4 Effects of Verification of Terms of Contract on Procurement Performance in Level Four Public Hospitals

The study sought to establish the influence of contract on procurement performance. The study found that internal control mechanisms were not formed before payments of contracts and delays in payments to suppliers led to delayed service delivery. The study also found that organization lacked proper controls in management of contracts and progress reports were not filed with management.

5.3 Conclusion

The study concluded that effective inspection had a significant impact on quality product and entire hospital processes. Quality inspection could promote or destroy a company in terms of providing products and services that satisfied regulatory requirements and exceeded customers' expectations. Also, poor or wrong materials could fail miserably to meet the set targets. A poor or wrong quality product could shut down hospital operations.

In today's hospital operations, hospitals placed more attention in meeting their numerous clients expectations and therefore the buying of quality goods, parts, components and services they consumed which were mostly outsourced was not done well. This further increased the relevance of why quality inspection in the hospitals should be done well.

The study concluded that in public hospitals there was low monitoring of procurement officers by their managers and also there was low commitment to their jobs. This affected procurement function of the hospitals hence relatively poor procurement performance. This could also be attributed to lack of procurement planning by the procurement department.

The study concluded that there were quite a huge number of customer complaints in public hospitals which could be attributed to low performance in the procurement department.

5.4 Recommendations

5.4.1 Quality Inspection of Purchases

On quality inspection of orders, the study recommends the level four hospitals to identify, evaluate and select sources of supply and develop mutually beneficial relationships with suppliers and assess their capability to deliver products that comply with the requirements of the organization. By proper vetting of the suppliers, the hospitals will be able to filter and avoid those who have integrity issues in the past in terms of quality of goods. The hospital will then select the suppliers who deliver the best quality. The study further recommends engagement of the relevant stakeholders in the quality inspection process.

5.4.2 Quantity Inspection of Purchases

The study recommended that for public hospitals to realize full benefits of quantity inspection of purchases there must be control systems put in place to validate the procurement process. The control system is aimed at, among other things, ensuring that only the right quantities are ordered for and delivered. Thus, management at the highest level of the organization must ensure the design and implementation of effective processes of procurement and management of material resources in order to ensure compliance of materials supplied with specified purchase requirements. This will ensure that there is no stock-outs and no over-stock.

5.4.3 Verification of Purchase Order

On verification of purchase orders, the study recommends a regular inspection at different levels depending on the structure of the hospital. The measures proposed for use in inspection include meters, centimeters and millimeters for verification against the purchase order. This will ensure the highest degree of accuracy of the purchase orders.

5.4.4 Verification of Terms of Contract

The study recommends that top management takes the responsibility of verification of terms of contract. The management should ensure timely payment of The study further recommended that the public hospitals should come up with proper monitoring of procurement personnel. This would ensure that the procurement personnel deliver the procurement duties entrusted to them.

5.5 Recommendations for Further Studies

The study recommends that further studies should be carried out on inspection of purchases in other sectors of the economy. Further research can be undertaken on inspection of purchases in private owned firms in Kenya.

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APPENDIX I: LETTER OF INTRODUCTION

Brenda Wanjiru Wanjugu
P. O. Box 5010,
Nyeri,
Tel: 0708803812.

Dear respondent,

RE: ACADEMIC RESEARCH

I am a student of Dedan Kimathi University of Technology (DeKUT), pursuing a Degree of Master of Science in Supply Chain Management. I am conducting an academic research to establish the effects of inspection of purchases on procurement performance in level four public hospitals in Nyeri County.

Your hospital being one of them, you are requested to provide information relating to quality inspection of purchases, quantity inspection of purchases, verification of purchase order and verification of terms of contract as some of the factors that might have impact on organizational procurement performance. All the information provided will be treated with strict confidence and in no circumstances will your name be quoted in the report. Kindly fill in the enclosed questionnaire to the best of your knowledge.

You are hereby assured that the information you give will be treated with utmost confidentiality and that it will be used for this study only. Kindly ensure that you do not write your name on the questionnaire.

Yours Faithfully,

Brenda Wanjiru Wanjugu

APPENDIX II: QUESTIONNAIRE

INTRODUCTION

I am carrying out a study on “*Effects Of Inspection Of Purchases On Procurement Performance In Level Four Public Hospitals In Nyeri County*”. I appreciate your time and kindness to help me complete this questionnaire. Your responses will be treated with a lot of confidentiality and will only be used for academic purpose only. You are not required to write your name on the questionnaire. You can choose to respond to certain questions or discontinue participation at any time.

SECTION A: DEMOGRAPHIC INFORMATION

This questionnaire contains four Parts. Kindly respond to all questions in all four sections by ticking in the space provided or by explaining your opinion briefly on the space provided.

(Kindly tick where appropriate)

1. What is your Gender?

(a) Male () (b) Female ()

2. What is your Age bracket?

(a) 26-35 years ()

(b) 36-45 years ()

(c) 46-55 years ()

(d) Above 55 years ()

3. What are your terms of Employment?

(a) Permanent ()

(b) Contract ()

(c) Casual/Temporary ()

4. What is your highest level of Education?

(a) O-Level ()

(b) Diploma level ()

(c) Degree level ()

(d) Post graduate level ()

5. Which Position do you hold in your organization?

(a) Top level manager ()

(b) Middle level Managers ()

(c) Supervisory level ()

(d) Operative ()

SECTION B: QUALITY INSPECTION OF PURCHASE

6. What is your level of agreement that your hospital has put in place to enhance compliance that affects procurement performance? Where 1= Strongly

Disagree 2=Disagree 3=Neutral 4= Agree 5= Strongly Agree

Measures		Score Card				
		1	2	3	4	5
i.	Management responsibility by setting high standards of integrity					
ii.	Organizational procedures to prevent fraud and corruption like data security					
iii.	Accounting controls like segregation of duties					
iv.	There is procurement controls					
v.	There is developed code of Ethics					

7. To what extent does compliance affect procurement performance in regard to the following statements? Use rating scale of 1-5 where 1=Very Low Extent 2=Low extent 3=Moderate Extent 4=Great Extent 5=Very Great Extent.

Statements		Score Card				
		1	2	3	4	5
i.	Suppliers confidence to participate in government market place					
ii.	Staffs able to avoid conflict of interest					
iii.	Promotes openness and accountability					
iv.	Reduces cost of managing risks					
v.	High cost of acquisition of goods, services and works					

8. How do you rate the level of compliance in regard to the following statements? Use rating scale of 1-5 where 1=Very Low 2= Low 3= No Idea 4=High 5=Very High.

Statements		Score Card				
		1	2	3	4	5
i.	Organization will to follow the laid down procurement procedures					
ii.	Measures taken to those who forfeit the procurement procedures					
iii.	Organization reputation regarding accountability					
iv.	Proper records of procurement activities					
v.	Reporting to regulatory bodies					

9. How often do you inspect quality for your purchase in regard to the following statements? Use rating scale of 1-5 where 1=Daily 2=Weekly 3=Monthly 4=Semi-annually 5=Annually.

Statements		Score Card				
		1	2	3	4	5
i.	When the purchases are being delivered					
ii.	Purchases in the store/warehouse					
iii.	Purchases that are in use					
iv.	Purchases before delivery					

10. What is your level of agreement that frequency of inspection affects procurement performance in your organization? Use rating scale of 1-5 Where 1= Strongly Disagree 2=Disagree 3=Neutral 4= Agree 5= Strongly Agree

Statements		Score Card				
		1	2	3	4	5
i.	Purchases are fit for use					
ii.	There is reduced waste					
iii.	It reduces delays of the production process					
iv.	There is cost reduction					

11. What is your level of agreement on the measures given to enhance the frequency of inspection in your organization? Based on the following statements. Use rating scale of 1-5. Where 1=Strongly Disagree 2=Disagree 3=Neutral 4=Agree 5=Strongly Agree

Measures		Score Card				
		1	2	3	4	5
i.	Monitoring by the procurement managers of the procurement officers					
ii.	Procurement officers commitment to their job					
iii.	Proper procurement planning by the procurement department					

12. To what extent do you agree that procurement staff is able to inspect level of functionality of purchase in your organization? Based on the following statements. Use rating scale of 1-5 where 1=Strongly Disagree 2=Disagree 3=Neutral 4=Agree 5=Strongly Agree

Statements		Score Card				
		1	2	3	4	5
i.	Competent staffs are employed					
ii.	Resource allocations are available					
iii.	Budgets are prepared and adhered to					
iv.	Staffs are taken training thus improved service delivery					
v.	Effective decision making					
vi.	Achieving organization goals and objective on time					

13. Kind of relationship that exists between level of functionality and its effects on procurement performance based on the following statements? Use rating scale of 1=Highly Affect 2= Affect 3=Moderately Affect

Statements		Score Card		
		1	2	3
ii.	Conformity to the purchase use/ Reliability			
iii.	Flexibility			
iv.	Reduction of purchasing cycle time			

SECTION C: QUANTITY INSPECTION OF PURCHASE

14. Kind of relationship that exists between suppliers and total number of items supplied based on the following statements? Use rating scale of 1=Good 2= Poor 3=Strained

Statements		Score Card		
		1	2	3
ii.	Timely Payment			
iii.	Adherence to Specification			
iv.	Delay in supply			
v.	Delayed Payments			
vi.	Poor awarding of tenders			
vii.	Failure to adhere to specifications			

15. What is your level of agreement on the measures given to enhance the physical dimensions inspection in your organization? Based on the following statements. Use rating scale of 1-5. Where 1=Strongly Disagree 2=Disagree 3=Neutral 4=Agree 5=Strongly Agree

Measures		Score Card				
		1	2	3	4	5
i.	The organization has specific dimension clear in a policy document					
ii.	Well trained procurement personnel					
iii.	Policies strictly followed by the procurement Department					

17. How often do you inspect quantity in terms of physical dimensions for your purchase in regard to the following statements? Use rating scale of 1-5 where 1=Daily 2=Weekly 3=Monthly 4=Annually 5=Bi-annually.

Statements		Score Card				
		1	2	3	4	5
i.	When the purchases are being delivered					
ii.	Purchases in the store/warehouse					
iii.	Purchases that are in use					
iv.	Purchases before delivery					

18. What is your level of agreement on whether total weight can be applied in quantity inspection of purchases in your organizations? Based on the following statements. Use rating scale of 1-5. Where 1=Strongly Disagree

ee 2=Disagree 3=Neutral 4=Agree 5=Strongly Agree.

Statements		Score Card				
		1	2	3	4	5
i.	When measured using tones					
ii.	When measured using kilograms					
iii.	When measured using grams					
iv.	When measured using milligrams					
v.	When measured using litres					

SECTION D: VERIFICATION OF PURCHASE ORDER

19. What is your level of agreement on whether measurements can be applied in verification of purchase order in your organizations? based on the following statements. Use rating scale of 1-5.

Where 1=Strongly Disagree 2=Disagree 3=Neutral 4=Agree 5=Strongly Agree.

Statements		Score Card		
		1	2	3
i.	When measured using meters			
ii.	When measured using centimeters			
iii.	When measured using millimeters			

20. How often do you inspect colour of your purchase in regard to the following statements? Use rating scale of 1-3 where 1=Once 2=Twice 3=Thrice.

Statements		1	2	3
		i.	When the purchases are being delivered	
ii.	Purchases in the store/warehouse			
iii.	Purchases that are in use			
iv.	Purchases before delivery			

SECTION E: VERIFICATION OF TERMS OF CONTRACT

21. What is your level of agreement on contract management and how it influences procurement performance in your organization? Based on the following statements. Use rating scale of 1-5.

Where 1=Strongly Disagree 2=Disagree 3=Neutral 4=Agree 5=Strongly Agree.

Statements		Score Card				
		1	2	3	4	5
i.	Internal control mechanisms are formed before payments of contracts					
ii.	Delays in payments to suppliers leads to delayed service delivery					
iii.	Lack of proper controls in management of contracts					
iv.	Progress report are not filed with management					
v.	Work plans and contracts terms are adhered to					

22. Are procedures adhered to when it comes to contract management within the organization?

Based on the following statements. Use rating scale of 1-5 where 1=Strongly Disagree 2=Disagree 3=Neutral 4=Disagree 5= Strongly Agree.

Statements		Score Card				
		1	2	3	4	5
i.	Adequate governance/oversight exists over procurement contract management					
ii.	Procurement and contracting needs/requirements are identified in a coordinated and timely manner					
iii.	Procurement and contracting information used for reporting purposes is accurate and appropriate					
iv.	Employees are provided with necessary tools and training to support their procurement and contract management responsibilities					
v.	Payments are made only for services received and in accordance with contract terms and conditions and in the appropriate period					

23. How often do you compare the prices when the purchases in regard to the following statements?

Use rating scale of 1-5 1=Daily 2=Weekly 3=Monthly 4=Annually 5=Bi-annually.

Statements		Score Card				
		1	2	3	4	5
i.	When the purchases are being delivered					
ii.	Purchases in the store/warehouse					
iii.	Purchases that are in use					
iv.	Purchases before delivery					

SECTION F: PROCUREMENT PERFORMANCE

(a) Customer Satisfaction

What is your level of customer satisfaction in relation to procurement performance in your organization? Use rating scale of 1-5 Where 1=High 2=Moderate 3=Low

Statements	Score Card		
	1	2	3
Customer Loyalty			
Intentions to Repurchase			
Number of Complaints			
Employees Happiness			
There is good pricing			

THANK YOU FOR YOUR CO-OPERATION