

# **Drivers for Suppliers' Responsiveness in the Government Tendering Process: A Case of the Ministry of Lands, Housing and Urban Development Department of Public Works in Gatundu, Kiambu County, Kenya**

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## **Abstract**

The study aimed at determining the factors affecting suppliers' responsiveness in the Government tendering process with reference to the Ministry of Lands, Housing and Urban Development Department of Public Works Gatundu Sub-County. The study focused on the management and activities of the staff as well as suppliers and customers of the department. The researcher adopted a descriptive research design as there are variables which cannot be quantified but can only be described in descriptive statistics. Through random stratified sampling method the researcher selected 33 respondents out of 105 who constituted the total population of the staff, suppliers and customers in the department and were stratified in to senior level management, middle level management, procurement and stores staff as well as suppliers and customers in the department. Data was collected through administering questionnaires to the respondents. Quantitative and qualitative techniques of data analysis was used to analyze Data and included the use of SPSS Version 21 data analysis software as well as Microsoft Excel and the findings presented through charts, tables and graphs. The ideas conveyed in this study are in response to the research questions set forth. This study achieved its primary objectives which were: to determine the extent to which order specifications affect Supplier responsiveness in the Government tendering process; to assess the extent to which use of information technology affects Supplier responsiveness in the Government tendering process; to examine the extent to which market price increases affect Supplier responsiveness in the Government tendering process; and to establish the extent to which buyer-supplier relationships affect Supplier responsiveness in the Government tendering process. This result shows that there are relationships existing among the constructs of the study, and it confirms proposed ideas in the first three chapters. Hence, it is concluded with some contributions to the literature. From the findings the study has drawn conclusions and made recommendation on how supplier responsiveness to Government tendering processes can be enhanced. Importance of specifications cannot be over-emphasised. Specifications indicate, fitness for purpose or use; communicate the requirements of a user or purchaser to the supplier; compare what is actually supplied with the requirements in terms of purpose, quality and performance as stated and provide evidence in the event of a dispute, of what the purchaser required and what the supplier agreed to provide. Since the key objective of purchasing is to contribute to the profitability of an undertaking by obtaining the best quality products or services in terms of fitness for use at the least possible total cost. It is therefore highly recommended that negotiating with suppliers, purchasing staff must know what they are negotiating for because the satisfaction of user requirements depends on obtaining reliable supplier. Findings of the study reveal the importance of Information technology, by way of transforming the way that business is conducted. There is need for purchasing entities to embrace the strategic implications of IT and e-procurement so as to effectively coordinate demand requests, transportation and inventory management organizations should utilize the benefit of strategic supply chain tools such as information technology to lower and make ordering more efficient.

**Keywords:** Suppliers' responsiveness, Tendering process, Order specifications, Information technology, Market price increases, buyer-supplier relationships.

## **INTRODUCTION**

### **Background of the study**

According to Einsen & Mentzer (2006), the business definition for a supplier is an organization that delivers materials, components, goods, or services to another organization. In the buyer-supplier relationship literature, firm-level factors such as dependence and relational norms are often linked to opportunism and relationship continuance. The role of the decision-making agent in such relationships is usually ignored. To change the dynamics and give themselves a more powerful role, smaller suppliers need to differentiate themselves. Further, this differentiator may be consistent zero defects, a patented or hard-to-find process critical to the customer's success, value added services, Vendor Managed Inventory (VMI) contracts, or the highest delivery performance of any competitor.

Einsen & Mentzer (2006), cite that one of the keys to successful supply chain performance improvement is cooperation and mutual decision making between trading partners. Companies that collaborate with customers in demand and replenishment planning have a better chance of meeting demand. Those who give accurate information may also gain visibility of customer requirements and inventory levels. By synchronizing operations with customers, the supply chain is more responsive to the marketplace with less waste.

The public sector services are criticized for being inefficient and for representing a drain on the productive sectors of the economy. As Quick & Kanellos (2005) note, the absence of competition is seen to be one of the greatest impediments to efficiency. The introduction of competitive tendering is seen as a means of remedying this, by exposing the provision of these services to competition. Quick & Kanellos (2005), argue that many purchasers view their suppliers' performance as lacking in "the critical areas of quality and cost improvement, delivery performance, new technology adoption, and financial health. Notably, today's firms focus on their core competences and thus become more dependent on their suppliers to meet the ever increasing competition. To compete in their respective markets, buying firms must ensure that their suppliers' performance, capacities and responsiveness equals, or surpasses that experienced by the buying firm's competitors.

Lysons & Farrington (2006) define tendering as a purchasing procedure whereby potential suppliers are invited to make a firm and unequivocal offer of the price and terms which on acceptance shall be the basis of the subsequent contract. Although tendering is sometimes used to obtain prices by private sector undertakings, particularly in respect of construction and service contracts, it is in the public sector that tendering is most used to ensure the principles of public accountability. According to Lysons (2001), the aim of tendering is to enable the supplies of stores and/or services to be obtained in the right condition, quality, quantity, price and time.

#### ***Global perspective on tendering processes***

According to Gunasekaran, Patel & Tirtiroglu (2001), a tender process (or "Invitation to Tender" process) is a method by which suppliers are selected for the provision of products and services to an organization. The process involves creating a suite of Tender Documents to manage the supplier selection process. In public purchasing, procedures are usually codified within standing orders which are usually prescribed by cash limit above which tenders must be invited, the forms of contracts to be used, and to whom and under what circumstances responsibility maybe delegated e.g. to senior officers.

Lysons (2001), contends that in general the procedure for tendering involves the issues of public advertisement inviting tenders, full and identical specifications being issued to each prospective contractor, who is then required to submit his tender in sealed and identifiable envelop on or not later than a prescribed date, and a date is fixed for the opening of tenders where appointed officers from the purchasing department and an external department. Tenders will be initialed and entered on an analysis sheet showing details of price, rates, carriage charges, delivery settlement terms and other information necessary for their evaluation. Late tenders are not considered and are usually returned unopened.

A Supplier performs various roles in government tendering processes including; trading with government with an aim of supplying goods of right quantity and quality of material at the right time as required thus maintaining regular flow of materials or goods. They also ensure a better margin of profits in the business or process (Cavinato & Kauffman, 2001). The UK Public Contracts (Works, Service and Supply) Regulations 2000 sets out the thresholds for contracts, above which, under EU directives, must be applied to the tendering and award of contracts. Further it sets out rules relating to the advertising by public bodies by which their requirements must be advertised in the Official Journal of the European Union (OJEU) (Albano & Zampino, 2008).

Further, European directives on public sector purchasing recognize three forms of tendering procedures; *open tenders* where all suppliers that respond to a contract notice are invited to tender; *restricted tenders* where only those suppliers that have been invited by the contracting authority may submit tenders, but restricted procedures will only apply where the contract value does not justify the procedural costs of an open tender and the product required is highly specific in its nature; *negotiated tenders* which allow the terms of the contract to be negotiated with one or more suppliers without prior publication of a tender notice (Albano & Zampino, 2008). Suppliers who participate in the government tendering process play a great, role in the country's economy. It is the responsibility of government to ensure that these suppliers perform to the expectations and satisfaction of the public whose money is spent (Cavinato & Kauffman, 2001).

#### ***Kenyan perspective on tendering processes***

Nkonge (2013), while conducting a study on the Challenges faced by Small and Medium Enterprise Suppliers when bidding for tenders in Thika District, found out that some aspects in procurement hinder SMEs (Small Medium Enterprises) from participating in public tendering process. Shortage of finances and poor access to information has led many of them to be in the dark concerning public procurement and thus leading to their inability to bid and win tenders.

Amayi & Ngugi (2013), while conducting a study on the determinants of public procurement performance in Kenya in the Ministry of Environment, Water and Natural Resources found out that professional ethics influences procurement performance. It was ascertained that Information & Communication Technology (ICT) has an influence on procurement performance and is still inadequately deployed in public service. Moreover Kipkorir (2013), while conducting a study on the role of proactive procurement on strategic procurement performance at public institutions in Kenya in Rongai Sub-County Nakuru County, found out that one of the major problems that deterred the sharing of useful sharing of information between the procuring entity and the suppliers was indeed the lack of appropriate media such as the use of Enterprise Resource Planning (ERP), Electronic Data Interchange and Information Support Systems. Kiage (2013), conducted a study on the factors affecting procurement performance in the Ministry of Energy and found out that there was poor contract management characterized by delays in payments to suppliers which hampers greatly on their service delivery.

Matindi & Ngugi (2013) while also conducting a study on the determinants of procurement performance at Kenya National Highways Authority (KeNHA) found out that efficient management provides a good basis to prevent corruption in the procurement performance and that institutional support at top levels of government is needed by procurement personnel in order to promote integrity, monitor the public procurement performance and apply the procurement law appropriately.

Mwikali & Kavale, (2012) conducted a desk top study on the Factors Affecting the Selection of Optimal Suppliers in Procurement Management and found out that the cost criterion, technical capability, quality assessment, organizational profile, service levels and risk factors, in that order of relative importance, are key factors affecting supplier selection in procurement management. The cost criterion is the most important factor that firms consider before engaging suppliers because cost directly affects the profit margins which is a key objective not only in materials management, but also in business organizations.

#### ***Kenyan regulations on tendering processes***

Public procurement in Kenya has been fairly streamlined in the recent past following the enactment of Public Procurement and Disposal Act of Kenya (2005) and the Public Procurement and Disposal Regulations of Kenya (2006). Open tendering applies to both local (covered by section 54(2) of the Act) and international tenders (covered by section 71 of the Act), is the preferred method of procurement open to all tenderers who feel competent to purchase the tender documents, fill them and then submit them as specified in the tender document. It is advertised publicly and involves maximum competition.

Restricted Tendering is an alternative method of procurement other than open tendering(covered by section 73 of the Act) which can be used by Entities only after obtaining written approval from its Tender Committee and if it has recorded in writing the reasons for using the alternative procedure. Conditions to be satisfied for approval to use this alternative method of procurement are; Competition for contract because of its complexity or specialized nature limited to prequalified contractors [section 73(2) (a)]; Time and cost required to examine and evaluate a large number of tenders would be disproportionate to the value of the procurement [section 73(2) (b)]; There are only a few known suppliers for a particular type of procurement [section 73(2) (c)]. The Government Public Procurement and Disposal Act 2005 is by and large an adoption from the World Bank procurement guidelines of 2004. This followed a series of other reviews that were all tailored at making public procurement efficient and effective with a focus of also promoting local investors as much as possible (World Bank, 2004).

#### ***Profile of the Ministry of Lands Housing and Urban Development***

The Ministry of Land, Housing and Urban Development was established in May 2013, through Executive Order No. 2/2013 following the inauguration of the new government that collapsed the hitherto 44 ministries into 18, in accordance with Constitution of Kenya, 2010.

In the new structure, Ministries that previously existed as single entities were merged to form super ministries, some with bigger responsibilities. Thus the Ministries of Land, Housing, Urban Development and Nairobi Metropolitan Development, were joined together to form the Ministry of Land, Housing and Urban Development. The Ministry is mandated to provide policy direction and coordinate all matters related to lands, housing and urban development. Further, it consists of three directorates each with distinct mandate and functions and these are; Directorate of Land, Directorate of Housing and the Directorate of Urban Development. The directorate of Urban Development comprises Public Works, Nairobi Metropolitan and Urban Development.

Public Works is charged with the responsibility of planning, designing, construction and maintenance of Government assets in the field of built environment and infrastructure development. Assets in built environment include hospitals, schools, colleges, technical institutes, prisons and courts. Assets in infrastructure development include footbridges, sea walls, breakwaters and jetties. Public Works sustains and preserves these assets through a well-developed system of maintenance which includes among others, specialized services like

rehabilitation works, aesthetic treatments like interiors, lighting, and landscaping. It has six technical departments, referred generally as building departments. These are; Architectural, Structural, Electrical and Mechanical, Quantities and Contracts, Design as well as the Kenya Building Research Centre. The other departments, Administration and Supplies Branch, provide support services to technical departments.

The Architectural department is responsible for rendering services that are required to obtain the client's accommodation requirements, translate these into building designs and then carries out the construction and subsequent maintenance of the buildings by advising on standards of design and construction of government buildings and providing client ministries with estimates of buildings and structural works. The Structural department is charged with design, documentation, supervision of structural and Civil Engineering components in all Government buildings and institutions. It is also responsible for design and construction of sea protection works, jetties, seawalls and breakwaters and gives structural advice on major structures and other buildings in the country. It also constructs footbridges across the country.

The Quantities and Contracts department prepares approximate and/or detailed estimates for building/construction projects for purposes of forward budgets, works programme, prepares valuations for interim payment certificates and final accounts and advises other Ministries and Government Departments on matters relating to Building Construction Contracts in conjunction with the Attorney General's Chambers. It is also charged with the registration of contractors. The mandate of the Electrical and Mechanical department is to design, supervise and maintain Electrical/Electronic and Mechanical Engineering services in Public Buildings and Institutions. These include installation and maintenance of lifts and elevators, PABX, Closed Circuit Television (CCTV), refrigeration services, fire protection services, among others

The Kenya Building Research Centre is responsible for dissemination of information relating to the building construction industry and carrying out research on building materials and systems to facilitate availability of innovative and cost effective building materials and technologies. The Design department is responsible for providing design services to the Ministry and the Supplies Branch with support from Treasury is the department charged with the procurement of common user items and annual term contracts for all governments Ministries, Departments and Agencies. It helps in increasing efficiency in the use of government resources.

### **Statement of the Problem**

In a study conducted by the Controller and Audit General Kenya National Audit Office (Audit Reports 2008/2009), there was a scenario whereby a tenderer was awarded a tender and an LPO was issued to him for supply of stationery items to the ministry. There was much lead time and the procuring entity after along time of expediting with the tenderer, the supplier communicated that he was not in a position to deliver the goods due to increases in prices in the market. While conducting the pre-survey study, the researcher observed that most tender documents were partially completed, while a majority of them did not have the necessary attachments as called for in the tender advertisements. On enquiring the reason behind why this was so, the researcher was informed that most of the unavailable documents had not been downloaded from the Ministry's website as prospecting suppliers had been instructed on the tender advertisement.

Another scenario is whereby 5 (five) contractors had offered construction services to public institutions under the management of the department of Public Works during the financial years 2011/2012 and 2012/2013 and whose payments had not yet been effected as a result of contractors not abiding with the terms of the contracts (Gatundu Sub- County Public Works Office Reports 2013/2014). Moreover, the researcher was informed that 4 (four) contractors had requested the Public Works officer to change the specifications of the materials they were to use to execute their contracts citing unavailability in the market and higher prices than quoted for suitable alternatives. Further a Secondary School Head and the CDF Funds Accounting Manager had visited the Public Works office to complain of the quality of construction works being carried out at their respective establishments.

In view of these indicators, the researcher deduces that there is a problem in the government tendering process and wishes to evaluate the factors affecting suppliers' responsiveness in the government tendering process in the Ministry of Lands, Housing and Urban Development department of Public Works Gatundu with the aim of identifying areas which need improvement so as to make these practices more efficient and effective to enhance service delivery.

### **Specific Objectives of the Study**

The study was guided by the following specific objectives:

- i. To determine the extent to which order specifications affect Supplier responsiveness in the Government tendering process.
- ii. To assess the extent to which use of information technology affects Supplier responsiveness in the Government tendering process.

- iii. To examine the extent to which market price increases affect Supplier responsiveness in the Government tendering process.
- iv. To establish the extent to which buyer-supplier relationships affect Supplier responsiveness in the Government tendering process.

### **Scope of the study**

The purpose of this study was to evaluate the factors affecting suppliers' responsiveness in the Government tendering process and will be undertaken at the Ministry of Lands, Housing and Urban Development Department of Public Works in Gatundu Sub-County which is located at Githunguchu Sub-Location, Ngenda Location, Gatundu South Sub-County of Kiambu County. The study concentrated its research undertakings on the suppliers, customers and members of staff of the Public Works department. The target population was a total of twenty eight suppliers and customers and five members of staff at the department.

## **LITERATURE REVIEW**

### **Introduction**

This chapter has reviewed the past studies related to the study. It has discussed the literature review of the study, which will provide the reader with explanations of the theoretical rationale of the problem under study including research that has already been done and how the findings relate to the problem at hand (Donald, 2006). The purpose of the literature review was to avoid unnecessary intentional or accidental duplication of material already covered. In this chapter, literature has been reviewed under the raised factors on the study objectives. This chapter has relied on earlier work which was obtained from purchasing and supplies textbooks, government procurement documents such as the PPDA (2005) and the PPDR (2006), the Kenya Gazette, PPOA manuals, Treasury Circulars, Business Journals and the Purchasing and Supplies Magazines. It has provided an overview of major past activities that were earlier undertaken on factors affecting supplier performance in the Government Tendering process in Public Works Institutions. This chapter explains the theoretical review, the conceptual frame work, the empirical review, the research gap, the critique of the existing literature and then the summary.

### ***Requirements for open tendering***

According to the PPDGM (2009), the procuring entity shall prepare an invitation to tender that sets out the following; the name and address of the procuring entity which gives the physical location of the procuring entity along the registered name of the business unit; the tender number assigned to the procurement proceedings by the procuring entity that is the serial number assigned to each category of items being procured. This serial helps to differentiate the assorted categories of goods, works or services being procured. A brief description of the goods works or services being procured, including the time limit for delivery or completion and an explanation of how to obtain the tender documents, as well as the amount of any fee.

An explanation of where and when tenders must be submitted and opened and a statement that those submitting tenders or their representatives may attend the opening tenders. The procuring entity then prepares tender documents in accordance with the Act and the Regulations. The tender documents shall contain enough information to allow fair competition among those who may wish to submit tenders. The PPDA (2006) states that tender documents shall set out the following; The specific requirements prepared under section 34 relating to the goods, works or services being procured and the time limit for delivery or completion and where works are being procured, relevant drawings and bills of quantities; The general and specific conditions to which the contract will be subject, including any requirement that performance security be provided before the contract is entered into and the tender number assigned to the procurement proceedings by the procuring entity.

Instructions for the preparation and submission of tenders including the forms for tenders, the number of copies to be submitted with the original tender, any requirement that tender security be provided and form and amount of any such security; Any requirement that evidence be provided on the qualifications of the person submitting the tender; An explanation of where and when tenders must be submitted, a statement that the tenders will be opened immediately after the deadline for submitting them and an explanation of where the tender's will be opened are provided. Included also are; a statement of the period during which tenders must remain valid including procedures and criteria to be used to evaluate and compare the tenders; a statement that the procuring entity may, at any time, terminate the procurement proceedings without entering into a contract; and a procuring entity may amend the tender documents at any time before the deadline for submitting tenders by issuing an addendum.

Further, an amendment may be made on the procuring entity's own initiative or in response to an inquiry. The procuring entity shall promptly provide a copy of the addendum to each person to whom the procuring entity provided copies of the tender documents. The addendum shall be deemed to be part of the tender documents. The procuring entity shall take such steps as are reasonable to bring the invitation to tender to the attention of those who may wish to submit tenders. If the estimated value of the goods, works or services

being procured is equal to or more than the prescribed threshold for national advertising, the procuring entity shall advertise, at least twice in a newspaper of general nationwide circulation which has been regularly published for at least two years before the date of issue of the advertisement, and on its website in instances where the procuring entity has a website, an advertisement shall also be posted at any conspicuous place reserved for this purpose in the premises of the procuring entity as certified by the head of the procuring unit (The Public Procurement and Disposal Act, 2005).

### **Theoretical Review**

The conceptual issues in customer-supplier relationships have been highlighted by Buzzel (2011). Besides, Caniels & Gelderman (2005) have also contributed to these theories. In developing a customer classification matrix they focus on customers as profit centers. Three variables - costs to serve suppliers, customer behaviors and management of customers - were used to investigate the profit dispersion of the customer portfolio. Four types of costs - presale, production, distribution and post-sale service cost were used to define the cost to serve axis. Combining this calculation with the net price charged they found that such analysis identified a wide range of profit margins both by customer and type of product sold.

Caniels & Gelderman (2005), suggest that many suppliers believe that if they analyze the broken down of their accounts, most accounts will fall into the "carriage trade" and "bargain basement quadrants. Yet, when analysis is actually performed, it will usually show that over half a suppliers' accounts fall into the "passive" and "aggressive" quadrants. They contend that four aspects of the customer's nature and position affect profitability: customer economics, "power the nature of the decision-making unit, and the institutional relationship between the buyer and seller". They further developed the approach and demonstrated that the grid can be successfully used to segment customers in mature industrial markets.

Caniels & Gelderman (2005) define relationship value as a function of four factors: criticality, quantity, substitution and slack. They also use a portfolio approach to analyze customer-supplier relations and propose a relationship classification matrix based on the concepts of relations value" and "interest commonality". This model analyzes optimal portfolio choice and consumption with values management in the organization-supplier-customer trading relationship.

Eisen & Mentzer (2006), investigated the role of agent negotiation characteristics in buyer-supplier relationships and through an experimental research approach, found that after comparing two major firm-level factors, dependence and relational norms, the assertiveness and cooperativeness of decision-making agents has a significant impact on opportunism in the existing dyad on relationship continuance. Bowersox *et al* (2007) further cite that in order for buyers to be able to make the right source decisions, they must know their market. They need to know their main supplier well to visit them and talk to the people who process their orders and make decisions about them, keep in touch with business plans and products developments.

In recent years, marketing experts have concentrated almost exclusively on supply marketing, aimed at potential purchasers rather than sellers. In addition, they should know where other potential suppliers are based and be aware of production costs, wages and distribution costs that apply in particular markets (Buzzel, 2011). Hines *et al* (2000), contend that companies are inclined to work with different suppliers in different ways. It is important that the relationship with suppliers satisfies both the company needs and those of the suppliers. Hines *et al* (2000), mentioned that in commodity products, it is common to find an adversarial relationship mainly based on price between buyers and suppliers. This type of relationship with suppliers does not allow for cost reduction in the supply chain.

It may be beneficial to network the supplier, to develop partnerships and alliances that will benefit both partners. This could be based on production, personal, and or symbolic networking that will turn on strategic alliances allowing the information sharing, risk sharing, obtaining mutual benefits and coordinating plans (Hines *et al*, 2000). According to Kenya *gazette* supplement No.24 dated 30-03-2001. Legal notice No.51 page 149, a supplier is defined as a person under contract with procuring entity to supply goods, work and service to government ministries and department. While the definition of a goods supplier which would be acceptable to everybody would be difficult to write, there are number of attributes which might be regarded as desirable for a typical relationship.

### **The economic theory**

According to Lysons (2004), price can be defined as the value of a commodity or service measured in terms of the standard monetary unit. In comparing two quotations therefore price enables us to appraise the relative value offered by each supplier. Economic theory shows that demand and supply are balanced by the influence of price, the equilibrium price indicating the point at which demand and supply are equal. Further, at a particular moment in time the market price may differ from the equilibrium price because the effect of temporary influences may not have had the chance to work themselves out, but when these factors have stabilized a normal, i.e. equilibrium price will cause a substantial change in demand, then the demand is said to be elastic.

Demand is inelastic where a substantial change in price makes little difference to the amount demanded. Demand is likely to be less elastic where; there are few or no substitutes or competitors; there is buyer inertia, i.e. buyers are slow to change their buying habits and search for alternative sources or lower prices; and where buyers do not notice or fail to challenge the higher price. If demand is elastic, suppliers will consider reducing their price since a lower price will result in enhanced revenue (Lysons, 2004).

He further cites that, the above theory is based on the concept of 'perfect' competition. For perfect competition to exist the following conditions must apply; the item dealt in must be homogeneous so that a buyer is indifferent regarding the seller from whom he makes his purchase, e.g. an absence of trade or proprietary names; the item must be easily transportable from one place to another; there must be many buyers and sellers so that the former cannot artificially restrict demand or the latter supply; there should be an absence of preferential treatment or discrimination of or against buyers and sellers. According to Lysons (2004), easy communication must exist between buyers and sellers so that they are immediately aware of what is happening anywhere in the market. Buyers and suppliers engage in economic activities while transacting hence this study will use a deductive approach on this theory to gain a more coherent view of these activities.

### ***Transaction Cost Theory (TCT)***

According to Lysons & Farrington (2006), the term "transaction cost" is frequently thought to have been coined by Ronald Coase, who used it to develop a theoretical framework for predicting when certain economic tasks would be performed by firms, and when they would be performed on the market. However, the term is actually absent from his early work up to the 1970s. While he did not coin the specific term, Coase indeed discussed "costs of using the price mechanism" in his 1937 paper *The Nature of the Firm*, where he first discusses the concept of transaction costs, and refers to the "Costs of Market Transactions" in his seminal work, *The Problem of Social Cost* (1960). The term "Transaction Costs" itself can instead be traced back to the monetary economics literature of the 1950s, and does not appear to have been consciously 'coined' by any particular individual.

Arguably, transaction cost reasoning became most widely known through Oliver E. Williamson's *Transaction Cost Economics of 1979*. Today, transaction cost economics is used to explain a number of different behaviors. Often this involves considering as "transactions" not only the obvious cases of buying and selling, but also day-to-day emotional interactions, and informal gift exchanges. Oliver E. Williamson was awarded the 2009 Nobel Memorial Prize in Economics (Lysons & Farrington, 2006).

According to Eisingerich *et al.*, (2008), in economics and related disciplines, a transaction cost is a cost incurred in making an economic exchange (restated: the cost of participating in a market). They cite that transaction costs can be divided into three broad categories: *Search and information costs* which are costs such as those incurred in determining that the required good is available on the market, which has the lowest price; *Bargaining costs* which are the costs required to come to an acceptable agreement with the other party to the transaction, drawing up an appropriate contract and so on. On asset markets and in market microstructure, the transaction cost is some function of the distance between the bid and ask and; *Policing and enforcement costs* which are the costs of making sure the other party sticks to the terms of the contract, and taking appropriate action (often through the legal system) if this turns out not to be the case.

Further, transaction costs are comprised of: - search and bargain costs; bargaining and decision costs; and policing and enforcement costs. Asset specificity is the relative lack of transferability of assets intended for use in a given transaction to other uses. Williamson identified six main types of asset specificity: site; physical asset; human asset; brand names; dedicated assets; and temporal. Asymmetrical information distribution means that the parties to a transaction have uneven access to relevant information. One consequence is that within contractual relationships, either party may engage in past-contractual opportunism if the chance of switching to more advantageous partnerships arises (Lysons & Farrington, 2006). The researcher will seek to gain new insights to the vast body of knowledge to which this theory is relevant by ascertaining its relationship with the concepts of the study.

### ***Resource-Based Theory (RBT)***

Kay (1995) contends that Resource Based Theory emphasizes that each firm is characterized by its own unique collection of resources of core competences. Thus, the source of competitive advantage is the creation of distinctive capabilities that are difficult to build and maintain, codify and make into recipes, copy and emulate and cannot simply be bought off the shelf. Kay identifies three basic types of distinct capability;

Firstly, *Corporate architecture*; the capacity of the organization to; create and store organizational knowledge and routines; promote more effective cooperation between network members; achieve a transparent and easy flow of information; adapt rapidly and flexibility. Secondly, *Innovation*;- the capacity to lower costs and improve products or introduce new ones ahead of competitors. The successful exploitation of new ideas incorporating new technologies, designs and best practice is difficult and uncertain. Often, innovation can only be achieved by cooperating and collaborating with partners.

Thirdly, *Reputation*;- the capacity to instill confidence in an organization's credibility, reliability, trustworthiness and possibly accountability. Organizations can only achieve a positive reputation over time, but, once achieved, their ability to provide quality assurance may enable them to obtain a premium price for products. From the insights provided by TCT and RBT, the following propositions are derived; *Arm's length relationships* are associated with low supplies competences that can easily be bought off the shelf as they are many potential suppliers. *Internal contracts*- in house provision associated with high asset specificity and core competences.

Further, Hoopes, Madsen & Walker (2003) argue that partnership relationships that apply to assets of medium specificity and ascend in steps according to the distance of the complimentary competences provided by external suppliers from the core competences of a particular firm. Up to the mid 1980's, approaching the marketplace on an adversarial basis was the norm. Thus Michael Porter (1985), cited in Lysons (2004) advocates that purchasers should multisource, negotiate short-term contracts, maintain secrecy regarding costs, sales and product design and make (or receive) no improvement suggestions to (or from) suppliers.

According to Ludwig & Pemberton, (2011), a resource-based view of a firm explains its ability to deliver sustainable competitive advantage when resources are managed such that their outcomes cannot be imitated by competitors, which ultimately creates a competitive barrier. RBV explains that a firm's sustainable competitive advantage is reached by virtue of unique resources being rare, valuable, inimitable, non-tradable, and non-substitutable, as well as firm-specifics as cited by (Hoopes, Madsen, & Walker 2003). The researcher will use this theory to conceptualize the study and measure its outcome.

### ***Bensaou's model on buyer-supplier relationships***

Lysons & Farrington (2006), cite the Bensaou model of 1999 on buyer- supplier relationships which was based on a study of 11 Japanese and 3 US automobile manufacturers. They note that Bensaou suggests a framework for managing a portfolio of investments for the purpose of enabling senior managers to answer two questions; which governance structure or relational design should a firm choose under different external contingencies? (which is a strategic decision because it affects how a firm defines its boundaries and co-activities), and what is the appropriate way to manage each different type of relationship? (which is an organizational question).

Further, Bensaou suggests four buyer relationship profiles; market exchange; captive buyer; captive supplier; strategic relationships. For each profile, Bensaou identifies distinguishing product, market and supplier characteristics and suggests that the four profiles can be arranged in matrix to indicate whether buyers and suppliers 'tangible and intangible investments in the relationship are high or low. Tangible investments in his context, are buildings, tooling and equipment, while intangible investment are people, time and effort spent in learning supplier- purchaser business practices and procedures and information sharing.

Bensaou concluded that many large firms in manufacturing are moving away from traditional vertical integration and towards the external contracting of key activities. Moreover as inter-firm relationships increase, firms cannot manage with one design for all relationships and so need to manage a portfolio of relationships.

According to the Bensaou model, building and redesigning relationships involves, three analytical steps; the strategic selection of relationship types to match the external conditions relating to the product, the technology and the market; the identification of an appropriate management profile for each type of relational design; and matching the design of the relationship which could be over or undersigned to the designed management profile (Lysons & Farrington, 2006). During transactions, buyers and suppliers develop relationships hence this theory will be tested deductively as a means to enable the researcher test its validity.

### **Conceptual Framework**

Conceptual framework can be defined as a set of broad ideas and principles taken from relevant fields of enquiry and used to structure a subsequent presentation Kothari (2009). It is a research tool intended to assist a researcher to develop awareness and the understanding of the situation under scrutiny and to communicate this. According to Mugenda (2008), a conceptual Framework is a basic structure that consists of certain abstract blocks which represent the observational, the experiential and the analytical/ synthetical aspects of a process or system being conceived. The interconnections of these blocks complete the framework for certain expected outcomes.

An independent variable is that aspect which is presumed to affect or determine a dependent variable. The independent variables in this study are; specifications, information technology, price fluctuations, and buyer-supplier relationships as shown in the Figure 2.1 below. A dependent variable responds to the independent variable (Lucey, 2001). It is called dependent because it "depends" on the independent variable. In this study, the dependent variable is suppliers' performance.



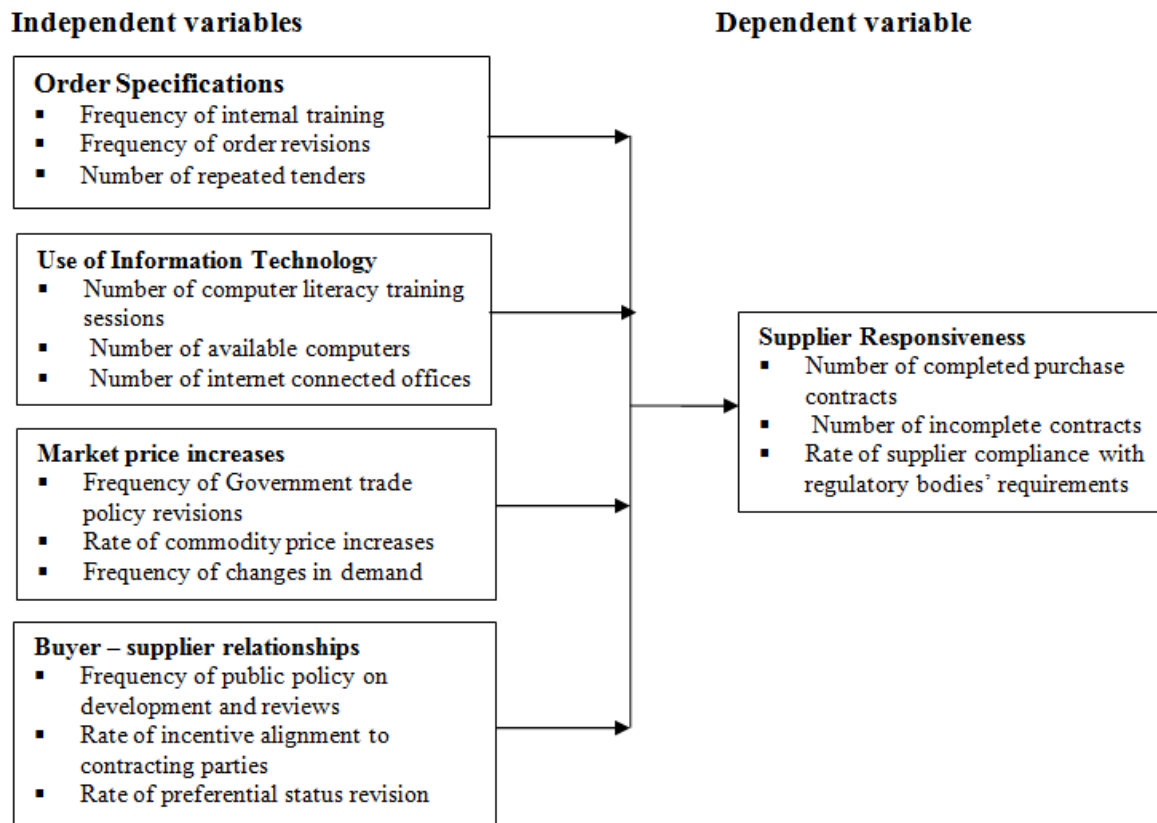


Figure 2.1: Conceptual framework

### **Order specifications**

According to the British standards specifications (BSI 7373), a specification has been defined as a statement of the attributes of a product or a service, a statement of requirements and a statement of needs to be satisfied by the procurement of external resources. Lysons & Farrington, (2006) cite that specifications indicate, fitness for purpose or use; communicate the requirements of a user or purchaser to the supplier; compare what is actually supplied with the requirements in terms of purpose, quality and performance as stated and provide evidence in the event of a dispute, of what the purchaser required and what the supplier agreed to provide. Moreover, the purchasing staff should be knowledgeable about specifications because the primary purpose of purchasing is to contribute to the profitability of an undertaking by obtaining the best quality products or services in terms of fitness for use at the least possible total cost. When negotiating with suppliers, purchasing staff must know what they are negotiating for because the satisfaction of user requirements depends on obtaining reliable supplier (Lysons & Farrington, 2006).

### **Use of Information Technology**

According to Alex (2013), IT is transforming the way that business is conducted. Computers prepare invoices, issue checks, keep track of the movement of stock, and store personnel and payroll records. The personal computers are changing the patterns of office work, and the spread of information technology is affecting the efficiency and competitiveness of business, the structure of the work force, and the overall growth of economic output. The purchasing department has been radically changed by the development of Information Technology (IT). Many communication channels are available like Internet, email, telephone, mobile communications, fax, video conference calls, GPS, etc (Alex, 2013).

Kishor *et al* (2006), cite that all organizations are being forced to embrace the strategic implications of IT and e-procurement as a result of globalization and the current technological changes. According to Shalle, Guyo & Emuhaya (2014), limited or no access to timely information regarding both domestic and export markets especially with respect to such matters as supply volumes and quantities have led to supply shortages because players are never aware of how many orders a customer has placed and how much should be ordered from suppliers. In order to coordinate demand requests, transportation and inventory management organizations should utilize the benefit of strategic supply chain tools such as information technology to lower and make ordering more efficient.

### **Market price increases**

Lysons (2004) defines a market as a place where goods and services are bought and sold for example, the European Union is a market created by agreement between the participating countries to reduce barriers to the internal movement of labor and capital. Further, a market can mean the general economic conditions relating to the supply of goods and services applying at a particular time – of special importance to purchasing is the distinction between a buyer's and seller's market where competition takes place. According to Sirmon *et al* (2007), a seller market exists when demand exceeds supply, so price generally rise. Conversely a buyer's market exists when supply exceeds demand, so then prices generally fall.

At a particular moment in time, the market price may differ from the equilibrium, price because the effect of temporary influences may not have had the chance to work them out. Lysons & Farrington (2006), define price as the value of a commodity or services measured in terms of the standards monetary unit. Vincent *et al* (2014), cite that when comparing two quotations, price enables purchasing to appraise the relative value offered by each supplier. Further, fixed price agreements are contracts that are negotiated with fixed payment schedules, payment based on milestones or payment based on fixed fees for a service.

Lysons & Farrington (2006), describe price fluctuation as a state where the equilibrium price moves up and down. They argue that factors which contribute to price fluctuation include the interaction between demand and supply, government intervention, uncertainty of the world political environment and global economic stability. However, the fact remains that the global market has been permanently opened, and this, in turn, has caused tremendous volatility. The unpredictability of price levels has led developing countries that understand their own long-term raw material shortages to enter and exit markets as prices reach certain levels. This activity, while it has increased the frequency of price movements, has actually decreased volatility in the sense of dampening highs and lows.

### **Buyer-Supplier Relationships**

Jarvelin & Marie (2001) define a relationship as a "connection". Further, relationship applies when individuals, organizations and groups within and external to an enterprise interact. Apart from the field of Industrial Sociology, concerned with the study of group interaction within a workplace, environment, the application of the study of business relationships began with the concept of relationships marketing. This relationship describes a long-term marketing strategy in which emphasis is on building and maintaining long-term relationships with customers rather than 'on a sale at a time'.

Ford *et al* (2003), cite that approaches on a business- to-business level, relationship marketing applies to the management of a range of purchaser-supplier relationships in the context of a broader network of interconnected purchasing, supplier and competition organization. Maclaren *et al* (2007), also argue that as purchasing is the mirror of image of marketing, relationship purchasing aims to achieve strong lasting relationships with suppliers with a view to securing mutual benefits and the added value of competitive advantages for both parties. However not all purchasing relationships are concerned with long term purchasing-supplier associations, hence purchasing relationships may be considered as having two aspects: relationship formation and relationship forms (Lysons & Farrington, 2006).

Alex (2013) argues that the most successful relationships are those where customers and suppliers develop trust and an understanding of their respective requirements and interests, accompanied by a concern for both learning from and proving assistance to each other. Ford *et al* (2003), cite that maintaining good relations with a supplier should be as important to a contract administrator/end user as getting the best price. A good buyer-seller relationship is a partnership, a win-win situation over the long run. Further, Alex (2013) notes that there is also a public relations aspect to purchasing that should not be overlooked. An organization's public image can be a valuable asset. A supplier who is treated equitably and professionally is likely to communicate his positive experiences with the buyer's organization to his associates.

### **Supplier Responsiveness**

According to David (2007), the relationship between a supplier and buyer can be complex because each party wants to maximize its time, resources and cash investment; these may be competing priorities that can strain the relationship. What is required to sustain a mutually beneficial relationship is an understanding of each other's business needs. Moreover David (2007) argues that it is important that one knows with whom he is conducting business, and that means knowing his customer, his supplier, and their suppliers and customers.

Ludwig & Pemberton (2011), contend that in the past years, global and regional legislative bodies and governments have introduced numerous changes to trade regulations that impact supply chain operations, revised classification standards, tighter export controls, and new environmental packaging requirements. Safeguarding the environment is now a global concern. The USA's wood packaging requirements, European Union's REACH initiative, and the China RoHS program have gained momentum lately. While the buyer is looking to get a fair (not always lowest) price, the supplier has to ensure he is covering costs and, of course, making a profit (Ludwig

& Pemberton, 2011).

### **Empirical review**

Some of the early studies of the relationships between the buyers' supplier management practices revolved on suppliers' performance. Carter & Miller (2004) explored the tendering process that was used between buyers and suppliers. They found that having buyer and supplier functional groups communicate directly with each other reduced suppliers' defect levels and enhanced their performance in the long run. Poor practices and supplier's lack of understanding of the buyer's requirements therefore, are barriers to quality improvements and suppliers performance (Carter & Miller, 2004).

Some empirical studies relating to government tendering practices to the supplier's performance can be found in the quality management literature. Hartley (2002) undertook a study on the effect of supplier management on performance in the Korean Automotive Industry and observed that while the price fluctuation might reduce purchase prices for the buyers in times of shortages, they may also negatively affect other aspects of supplier performance, as suppliers attempt to recoup profits by providing lower levels of service and product quality.

Consequently, the relationship between buyer and supplier is tightly integrated and cannot be separated. Most empirical studies found in the literature (Jarvelin & Marie, 2001), explore the relationship between a firm's supplier quality management practices and its own performance without exploring the suppliers' performance as a moderating factor. Although studies on supply management are beginning to take a supplier performance into consideration (e.g., Eisen & Mentzer, 2006), there is still much to learn about managing the entire supply chain especially in terms of supplier responsiveness to tendering processes.

### **Critique of the existing literature**

Ross (2000), uses a pure descriptive way to review the activities of the market during the period from 1968 to 1972, a time when great changes in prices occurred. He asserts that the private markets are relatively unstable, and that prices may show a rapid rise under conditions of crisis or acute uncertainty. Japanese auto makers for example are reported to enjoy high supplier performance through long-term relationships, specific investments and sole sourcing. Moreover quality management in the U.S. has been strongly advocating adoption of these practices.

Campbell & Pollard (2002), observe that, suppliers in the public sectors of developing countries are challenged by lack of integrity and transparency of the public procurement system. The integrity and transparency of a public procurement system relies on a number of control mechanisms, including an effective control and audit system, an efficient appeals mechanism, a comprehensive information sharing system enabling civil society and interested stakeholders to conduct social audit, and effective ethics and anti-corruption measures.

Previously researchers looked at modeling the variation in price movements. Private markets are relatively unstable, and prices may show a rapid rise under conditions of crisis or acute uncertainty. Moreover it is not always in the buyer's interest to negotiate down to the very lowest price; the result can be less trust or loyalty from the vendor. Many buyers and importers report that price is just one factor in the negotiation; quality is huge, and they appreciate knowing they can demand a lot from their supplier and it will be delivered (Collemacine, 2012).

### **Summary**

Where a significant proportion of a supplier's sales are to a buyer, its dependence increase, this premise is rooted in resource dependence theory. According to resource dependence theory, organizations, in this case suppliers, take actions to secure the resources (sales) on which they are dependent. If a supplier is dependent upon the buyer for a high level of its sales volume, the supplier may be more committed to the buyer-supplier relationship (Kay, 1995). Mitchel (2000) contends that dependent suppliers are more likely to make changes to their production processes, product specifications and inventory to meet the buyer's needs. Relationship development between a buying firm and its critical suppliers has been positively linked to the value of the relationship as perceived by the buying firm. More generally, supplier performance has been positively linked to manufacturing firm performance (Banker, 2012).

If performance is affected by the quality of the relationship, then in order to sustain performance, the relationship must be sustained. A healthy relationship encourages more information sharing, better communication, and more trust, each of which improves planning, coordination, problem solving, and adaptation and thus manufacturing firm performance (Banker, 2012). Public sector organizations use e-procurement for contracts to achieve benefits such as increased efficiency and cost savings (faster and cheaper) in government procurement and improved transparency in procurement services. E-procurement in the public sector has seen rapid growth in recent years (Collemacine, 2012). One of the essentials of a profession is integrity maintained by

adherence to a code of conduct which highlights practices which may compromise the professional objectivity and integrity of purchasing staff and also provide standards for the buyers to attain (Lysons & Farrington, 2006).

### **Research gap**

According to Stalk & Hout (2000), it was estimated that China's real Gross Domestic Product (GDP) grew at an average annual rate of about 5.3 percent from 1960 to 1978. Because the central planning economic systems and government economic policies put little emphasis on profitability or competition, the country's economy was relatively stagnant and inefficient. According to Punjari (2004), studies were undertaken in the late 1990s and early 2000s focusing on risks faced in Sino-foreign joint ventures and Build Operate and Transfer (BOT) projects. The mid 2000s' studies focused on risks faced by Chinese organizations and did not focus on the financial and economic risks that foreign (non-Chinese) firms faced when working in China (Punjari, 2004).

Past studies have also been undertaken locally including one by Kiwi (2010) on competitive advantage through outsourcing of non-core logistics activities within the supply chain of British American Tobacco Kenya. He found that outsourcing increases the competitiveness of BAT although it makes the company vulnerable owing to breach of confidentiality. However, although outsourcing is undertaken as a result of a tendering process, this study did not look at the factors affecting suppliers' performance in the tendering process.

Holbert (2007) also carried out a research on the benefits of upstream and downstream integration of supply chain at East Africa Breweries Ltd (EABL), while Munei (2009) conducted an analysis of key success factors for lean supply management at Unilever Africa. Holbert found that the upstream and downstream supply chain at EABL helps it maintain lower transaction costs, lower uncertainty and higher investment and ability to monopolize market throughout the chain while Munei found that Unilever focuses on customer services and quality, understanding the various companies supply chain metrics and financial performance data. However, these studies also did not look at the factors affecting suppliers' performance in the tendering processes.

Njiraini & Wangombe (2013) contend that the largest obstacles for SMEs dealing with government remain as access to business information and its interpretation where obtained, coping with dynamic economic trends, business relationships and the duration it takes to get paid, which averages anywhere between 60-180 days. Njiraini & Wangombe (2013) note that, this plays out as a high risk for SMEs given the current market behavior where price fluctuations are the order of the day. This study therefore comes in to bridge this gap in knowledge by assessing the factors affecting suppliers' responsiveness in the government tendering process especially in the Ministry of Lands, Housing and Urban Development department of Public Works Gatundu Sub-County in Kiambu County.

## **METHODS**

### **Introduction**

This chapter explains the design and the methodology of the research study. It provides a systematic description of the research methodology that was used to answer the questions described in chapter one. The methodology used in the research study includes research design, target population and its sample size and data collection methods and procedures.

### **Research design**

The research design is a master plan which specifies the methods and procedure for collecting and analyzing the needed information (Zikmund, 2003). For purposes of undertaking this study, descriptive design was used, with an individual survey of certain factors relating to problems, including exploring the status of the factors to be used. According to Cooper & Schindler (2001), descriptive studies deal with the question of who, what, when, where and how topics are used, where there is some understanding of the topic. There are some variables that cannot be quantified and can only be expressed in descriptive statistics. According to Anlonius (2005) descriptive research design will provide clearly defined information and its findings could be considered to be conclusive enough. It will determine the frequency with which the variables are to be conveyed.

### **Target population**

Target population is the entire group of people that is of interest to the researcher. It is also a whole set of individuals who meet the sampling criteria (Brinks, 2002). The research intended to evaluate the factors affecting suppliers' responsiveness in the government tendering process with reference to the Ministry of Lands, Housing and Urban Development Department of Public Works Gatundu Sub-County. The sample was a representative of the target population which included staff in the senior and middle level management, procurement and stores as well as the department's suppliers and customers. The target population was as presented in table 3.1 below.

**Table 3.1: Target Population**

Population category	Population	Percentage
Senior level Management	2	1.9
Middle level management	5	4.76
Procurement and stores staff	5	4.76
Suppliers and customers	93	88.57
<b>Total</b>	<b>105</b>	<b>100</b>

**Source:** Adopted from Public Works Department Administration, Gatundu (2015).

### Sampling frame

Sampling is the process by which a relatively small number of individuals, objects or events is selected and analyzed in order to find out something about the entire population from which it was selected (Anlonius, 2005). A sample is a group of cases, participants, events or records consisting of portion of the target population, carefully selected to represent that population (Cooper & Schindler, 2006). The researcher selected the required sample by dividing the population in Strata which comprised of all the management levels in the organization as well as suppliers and customers and then select each level randomly in order to have an equal representation to be used in this study.

### Sampling and sampling technique

The researcher used stratified random sampling because it could enable generalization of a larger population with a margin of error that is statistically determinable (Mugenda & Mugenda, 2003). At least 30% of the total population is representative (Brinks, 2002). The sample size was therefore be 30% of the target population. Computation of the sample size is presented in table 3.2 below.

**Table 3.2: Sample Size**

Population category	Target population	Percentage	Sample size
Senior level Management	2	30	1
Middle level management	5	30	2
Procurement and stores staff	5	30	2
Suppliers and customers	93	30	28
<b>Total</b>	<b>105</b>		<b>33</b>

**Source:** Adopted from Public Works Department Administration, Gatundu (2015).

### Instruments

Data collection procedure involves the steps that are followed in collecting data to be used in the study. It includes the use of data collection methods (Mugenda & Mugenda, 2000). Both primary and secondary data were used in this study. Primary data was collected from the sample of respondents by closed and open-ended questionnaires. Primary data was the main data that addressed the purpose of the research and provided much of the actual facts from the field. Secondary data was also be collected from departmental circulars, magazines and other related journals that could have relevant information to the study.

### Data collection procedure

Questionnaires consisted of questions which were sent to respondent to seek information from them and later be tabulated and subjected to a statistical manipulation under the study. Semi-structured questions were used since the method to compute was easy and allowed respondents to give their opinions. Anlonius (2005), states that a well-structured question will provide the researcher with a chance to collect the right information for the study. The researcher obtained an introduction letter from the institution seeking authority for data collection, which was then presented to the organization for authorization to collect data. The questionnaires were dropped at the organization and collected later after two weeks upon completion. The study guaranteed the respondents of their confidentiality.

### Pilot study

The pilot study was conducted using questionnaires which were administered to the respondents prior to the main study. This constituted 10% of each of the strata selected and targeted for the study. The purpose of the pilot study was to ensure the validity and reliability of the questionnaire. Mugenda & Mugenda (2003) assert that, the accuracy of data to be collected largely depends on the data collection instruments in terms of validity and reliability. Data collected during the pilot study will not be used in the final data analysis.

### **Testing for reliability and consistency of data**

Reliability and consistency of data refers to the extent to which the data collection techniques or analysis procedures will yield consistent findings (Saunders, 2000). To test for the reliability of the study, the researcher used multiple sources and respondents. A test and retest measure of reliability was carried out by administering the same instruments to the same group of respondents at two different occasions. The degree to which the findings were in agreement was a measure of the reliability of the instruments.

### **Validity of the instruments**

Validity is concerned with whether the findings are really about what they appear to be about, (Saunders, 2002). The questionnaire was pilot tested on a few respondents and the researcher established that the data collected was a true reflection of the variables and that the influences based on such data were accurate and meaningful.

### **Data processing and analysis**

The data collected and used were both qualitative and quantitative in nature. The researcher used descriptive analysis which included quantitative and qualitative methods to come up with in-depth informative of the study. The analysis methods to be used included the use of SPSS version 21 data analysis method as well as the regression and correlation analysis. The findings were then be presented through the use of tables, charts and graphs.

### **Correlation and Regression**

Correlation analysis was used to detect the dependencies between the dependent variable and the independent variables (Saunders, 2002). Regression was used to measure the relationship between supplier performance practices and other independent variables such as specifications, Information Technology, price fluctuations and buyer-supplier relationships. Responses given based on the stipulated scales in the questionnaires we measured in respect of how each independent variable affects the dependent variable.

A multiple regression model as below shall be used;

$$y = a + b_1x_1 + b_2x_2 + b_3x_3 + b_4x_4$$

Where:

$y$  = Supplier performance.

$a$  = Point of intercept on the  $y$  axis

$x_1$  = Order specifications

$x_2$  = Information technology

$x_3$  = Price fluctuations

$x_4$  = Buyer-supplier relationships

$b_1, b_2, b_3,$  and  $b_4$  are the co-efficients of  $x_1, x_2, x_3$  and  $x_4$  respectively.

## **DATA ANALYSIS, FINDINGS AND DISCUSSIONS**

### **Introduction**

The aim of this chapter is to provide a summary of the data collected through the use of questionnaires. General trends are explained using percentages, tables, figures and descriptions of data as a way to present the findings of the investigation. The primary data was collected using questionnaires. A total of 33 questionnaires were hand delivered to respondents. The data collected was then analyzed using the Statistical Package for Social Science (SPSS) – version 21.0. The findings are presented as per the objectives and research questions of the study. The study results are presented in two sections, namely: descriptive and inferential statistical analysis. The first stage involved reporting all the information related to each of the respondents' personal profiles. This was followed by data analysis in relation to the research objectives outlined in chapter one. Descriptive analysis was done to report on the respondents including the results of the measurement variables. Finally, the results of regression to test the relationships between constructs are reported in detail. This Chapter concludes by highlighting the main findings obtained from the quantitative data. The next section presents the results of the empirical analysis, discusses the findings and interpretations.

### **Descriptive data analysis**

In this section, descriptive statistics were used to describe in quantitative terms the main features of the collected data.

#### ***Factors affecting suppliers' responsiveness in the Government tendering process***

This section presents findings related to the objectives of the study.

#### ***Extent to which order specifications affect supplier responsiveness in the government tendering process***

In order to meet the first objectives of the study, "to determine the extent to which order specifications affect Supplier responsiveness in the Government tendering process", the respondents were provided with a listing of

factors related to order specifications that affect supplier’s responsiveness in the Government tendering process and asked to tick as appropriate along a five – point scale. *Where:* Strongly agree = (5); Agree = (4); Neither agree nor disagree = (3); Disagree = (2); and Strongly disagree = (1). The responses are summarised and presented in table 4.1 below.

**Item Codes**

- OS 1:** Order specifications are drawn satisfactorily to fit the capabilities of prospecting suppliers
- OS 2:** Order specifications are clearly understood and thus eliminate uncertainties
- OS 3:** Most order specifications are drawn in line with national and internationally acceptable standards on health, safety as well as environmental laws and regulations
- OS 4:** Trade and/or brand names are clearly understood by all the involved parties
- OS 5:** Samples are a useful method of specification
- OS 6:** Order specifications by use or performance is an effective method that enables suppliers to understand customer requirements
- OS 7:** Use of national and/or international standards is a better way of specifying requirements and enhances quality
- OS 8:** Standard specifications enable buyers to compare quotations accurately reducing errors and conflicts
- OS 9:** Clear order specifications enable the effective inspection and receipt of goods and services
- OS 10:** Every requirement in a good/service specification increases price

**Table 4.1: Extent to which order specifications affect supplier responsiveness in the government tendering process**

5 = Extremely Important 1 = Not important at all	Response (%)					Mean	Std. Dev	Ranking
	1	2	3	4	5			
OS 1	16.7	12.3	3.3	50.0	16.7	3.37	1.377	10
OS 2	10.0	23.3	-	50.0	16.7	3.40	1.303	9
OS 3	10.0	23.3	3.3	40.0	33.3	3.373	1.337	8
OS 4	10.0	10.0	-	46.7	33.3	3.83	1.289	7
OS 5	-	-	-	33.3	66.7	4.67	0.479	1
OS 6	-	-	-	33.3	66.7	4.67	0.479	1
OS 7	13.3	-	-	53.3	33.3	4.07	0.944	4
OS 8	13.3	-	-	53.3	33.3	4.07	0.944	4
OS 9	-	-	-	43.3	56.7	4.57	0.504	3
OS 10	6.7	-	10.0	50.3	33.3	3.93	1.172	6
<b>N = 30</b>								

Findings in table 4.1 above indicate that the highest ranked order specification factors affecting suppliers’ responsiveness in the Government tendering process were: *samples are a useful method of specification*; and *order specifications by use or performance is an effective method that enables suppliers to understand customer requirements*, with a mean score of 4.67, while the least ranked factors was: *order specifications are drawn satisfactorily to fit the capabilities of prospecting suppliers*, with a means score of 3.37.

**Extent to which use of information technology affect supplier responsiveness in the government tendering process**

In order to meet the second objective of the study, “*to assess the extent to which use of information technology affects Supplier responsiveness in the Government tendering process*”, the respondents were provided with a listing of factors related to order specifications that affect supplier’s responsiveness in the Government tendering process and asked to tick as appropriate along a five – point scale. *Where:* Strongly agree = (5); Agree = (4); Neither agree nor disagree = (3); Disagree = (2); and Strongly disagree = (1). The responses are summarised and presented in table 4.2 below.

**Item Codes**

- IT 1:** Bidders are comfortable with on-line tendering in terms of accessibility of information and how to fill the tender documents
- IT 2:** Computerizing certain order entry functions result in better customer service and reduces waste
- IT 3:** Computerized integrated systems reduce errors and administrative costs
- IT 4:** Electronic Data Interchange enables cost savings through avoidance of data re-entry and error free transmission of documents
- IT 5:** Use of computer networks speeds up order processes and shortens lead times
- IT 6:** Computerized routing lowers transportation expenses
- IT 7:** Global on-line suppliers provide automatic restocking of orders based on sales thus enhancing speed

**IT 8:** Use of Electronic Funds Transfer systems is both convenient and enhances accountability

**IT 9:** Use of Electronic Data Interchange enhances security and as a result obliterate losses due to fraud are minimized

**IT 10:** Use of electronic catalogues is less cumbersome and can be easily updated

**IT 11:** Frequent changes in information technology occasion training requirements which increases operational costs

**Table 4.2: Extent to which use of information technology affect supplier responsiveness in the government tendering process**

5 = Extremely Important 1 = Not important at all	Response (%)					Mean	Std. Dev	Ranking
	1	2	3	4	5			
IT 1	16.7	26.7	13.3	33.3	10.0	2.93	1.311	11
IT 2	6.7	30.0	6.7	36.7	20.0	3.33	1.295	10
IT 3	6.7	16.7	-	43.3	33.3	3.80	1.270	6
IT 4	10.0	16.7	-	43.3	30.0	3.67	1.348	8
IT 5	6.7	6.7	-	43.3	43.3	4.10	1.155	4
IT 6	-	-	-	70.0	30.0	4.28	0.455	2
IT 7	10.0	-	16.7	43.3	30.0	3.67	1.348	8
IT 8	-	-	-	76.7	23.3	4.23	0.430	3
IT 9	3.3	16.7	-	60.0	20.0	3.77	1.073	7
IT 10	6.7	6.7	-	46.7	40.0	4.07	1.143	5
IT 11	-	-	-	33.3	66.7	4.67	0.479	1
<b>N = 30</b>								

Findings in table 4.2 above indicate that the highest ranked information technology factor affecting suppliers' responsiveness in the Government tendering process was: *Frequent changes in information technology occasion training requirements which increases operational costs*, with a mean score of 4.67, while the least ranked factor was *bidders are comfortable with on-line tendering in terms of accessibility of information and how to fill the tender documents*, with a mean score of 2.93.

**Extent to which market price increases affect supplier responsiveness in the government tendering process**

In order to meet the second objective of the study, "to examine the extent to which market price increases affect Supplier responsiveness in the Government tendering process", the respondents were provided with a listing of factors related to use of information technology that affect supplier's responsiveness in the Government tendering process and asked to tick as appropriate along a five – point scale. *Where:* Strongly agree = (5); Agree = (4); Neither agree nor disagree = (3); Disagree = (2); and Strongly disagree = (1). The responses are summarised and presented in table 4.3 below.

**Item Codes**

**MPI 1:** Global economic disruptions such as changes in currency exchange rates, and interest rates highly affect the prices of goods and services

**MPI 2:** Changes in technology cause price rises for goods and services

**MPI 3:** Government interventions in relation to the prices of commodity items result in their low quality and availability

**MPI 4:** Political upheavals affect the prices of goods and services

**MPI 5:** Environmental legislations affect the availability of certain goods and services

**MPI 6:** Socio-cultural factors such as demands from local communities have a direct relationship to the pricing of goods and services in certain localities

**MPI 7:** The bargaining strength of buyers or suppliers has a strong impact on the prices of goods and services

**MPI 8:** Most buyers operate under conditions of imperfect competition where there is no single selling price for an item or service

**MPI 9:** Prices for framework contracts necessitate abnormal price increases for goods and services by suppliers due unknown future market trends

**MPI 10:** The quantities and qualities of goods and services as specified may influence their price also given the demand in the market

**MPI 11:** What may be considered as a 'fair price' from both the buyer's and supplier's viewpoints may not be a reasonable price given the prevailing market trends

**MPI 12:** Price variations are a better way of addressing contract fixed prices based on quantity, quality, payment, time, distribution and transport considerations



**Table 4.3: Extent to which market price increases affect supplier responsiveness in the government tendering process**

5 = Extremely Important 1 = Not important at all	Response (%)					Mean	Std. Dev	Ranking
	1	2	3	4	5			
MP 1	-	-	-	-	50.0	4.50	0.509	7
MP 2	-	-	-	-	50.0	4.50	0.509	7
MP 3	16.7	20.0	10.0	23.3	30.0	3.30	1.512	12
MP 4	-	-	-	33.3	66.7	4.67	0.479	3
MP 5	30.0	-	-	36.7	33.3	3.73	1.230	11
MP 6	-	-	-	56.7	43.3	4.43	0.504	10
MP7	-	-	-	30.0	70.0	4.70	0.466	1
MP 8	-	-	-	30.0	70.0	4.70	0.466	1
MP 9	-	-	-	53.3	46.7	4.47	0.507	9
MP 10	-	-	-	40.0	60.0	4.60	0.498	6
MP 11	-	-	-	33.3	66.7	4.67	0.479	3
MP 12	-	-	-	33.3	66.7	4.67	0.479	3
<b>N = 30</b>								

Findings in table 4.3 above indicate that the highest ranked market price increases factors affecting suppliers' responsiveness in the Government tendering process were: *the bargaining strength of buyers or suppliers has a strong impact on the prices of goods and services*; and *most buyers operate under conditions of imperfect competition where there is no single selling price for an item or service*, with a mean score of 4.70, while the least ranked factor was *Government interventions in relation to the prices of commodity items result in their low quality and availability*, with a mean score of 3.30.

***Extent to which buyer-supplier relationships affect supplier responsiveness in the government tendering process***

In order to meet the second objective of the study, "to examine the extent to which buyer-supplier relationships affect Supplier responsiveness in the Government tendering process", the respondents were provided with a listing of factors related to buyer-supplier relationships that affect supplier's responsiveness in the Government tendering process and asked to tick as appropriate along a five – point scale. Where: Strongly agree = (5); Agree = (4); Neither agree nor disagree = (3); Disagree = (2); and Strongly disagree = (1). The responses are summarised and presented in table 4.4 below.

**Item Codes**

**BSR 1:** Working closely with suppliers enables organizations to minimize acquisition costs

**BSR 2:** Closer buyer- supplier relationships are likely to lead to single sourcing and eventually grow into partnerships

**BSR 3:** Closer buyer- supplier relationships enable buyers to reduce their supplier base leading to joint ventures

**BSR 4:** Closer buyer- supplier relationships may lead to network sourcing where prime contracting firms act as drivers for the reduction of transaction costs

**BSR 5:** Adversarial buyer-supplier relationships only focus on short discrete purchasing where there is little sharing of information

**BSR 6:** Good buyer- supplier relationships enable a high level of supplier contact where information is shared transparently

**BSR 7:** Good buyer- supplier relationships enable the reduction of supply risks

**BSR 8:** Good buyer- supplier relationships encourage collaboration in innovation and design

**BSR 9:** Closer co-operation is facilitated by buyers and suppliers based on personal relationships

**BSR 10:** Social responsibility is shown by ' supporting local industries' and thus contributing to the prosperity of the local communities

**BSR 11:** Close buyer-supplier relations enable improved availability of goods and services especially in emergency situations

**Table 4.4: Extent to which buyer-supplier relationships affect supplier responsiveness in the government tendering process**

5 = Extremely Important 1 = Not important at all	Response (%)					Mean	Std. Dev	Ranking
	1	2	3	4	5			
BSR 1	-	-	-	33.3	66.7	4.67	0.479	1
BSR 2	10.0	6.7	-	33.3	50.0	4.07	1.311	8
BSR 3	6.7	10.0	3.3	36.7	43.3	4.00	1.232	9
BSR 4	6.7	6.7	3.3	56.7	26.7	3.90	1.094	10
BSR 5	3.3	3.3	-	36.7	56.7	4.40	0.932	4
BSR 6	-	3.3	3.3	33.3	60.0	4.50	0.731	4
BSR 7	-	-	6.7	36.7	56.7	4.50	0.630	4
BSR 8	-	6.7	-	43.3	50.0	4.37	0.809	7
BSR 9	10.0	6.7	-	53.3	30.0	3.87	1.224	11
BSR 10	-	-	-	33.3	66.7	4.67	0.479	1
BSR 11	-	-	-	33.3	66.7	4.67	0.479	1
<b>N = 30</b>								

Findings in table 4.4 above indicate that the highest ranked market buyer-supplier relationships factors affecting suppliers' responsiveness in the Government tendering process were: *Social responsibility is shown by ' supporting local industries' and thus contributing to the prosperity of the local communities; Close buyer-supplier relations enable improved availability of goods and services especially in emergency situations; and Working closely with suppliers enables organizations to minimize acquisition costs*, with a mean score of 4.67. The least ranked factor was *closer co-operation is facilitated by buyers and suppliers based on personal relationships*, with a mean score of 3.87.

**Effects of supplier's responsiveness on service delivery to customers in relation to the Government tendering process in Gatundu Sub-County Public Works Department**

The respondents were asked to indicate the extent of effects of supplier's responsiveness on service delivery in relation to Government tendering process in Gatundu Sub-County Public Works department by ticking as appropriate against given alternatives along a five – point scale. *Where:* Strongly agree = (5); Agree = (4); Neither agree nor disagree = (3); Disagree = (2); and Strongly disagree = (1). The responses are summarised and presented in table 4.5 below.

**Item Codes**

- SR 1:** The time allowed to complete the tender documents is satisfactory
- SR 2:** The tendering procedure is too slow for emergencies
- SR 3:** Tendering is expensive for contractors from the standpoint of clerical, stationery and postage costs
- SR 4:** Decentralization of public procurement affects supplier performance
- SR 5:** Adversarial buyer-supplier relationships have a crucial effect on supplier performance
- SR 6:** Availability of substitutes in the market direct supplier behavior
- SR 7:** Market competition dictates the overall supplier performance
- SR 8:** Effective communication enhances supplier performance
- SR 9:** Supplier involvement is a factor that impacts on their performance
- SR 10:** Developing suppliers enables them to stay in business and improves their performance

**Table 4.5: Effects of supplier's responsiveness on service delivery to customers in relation to the Government tendering process in Gatundu Sub-County Public Works Department**

5 = Extremely Important 1 = Not important at all	Response (%)					Mean	Std. Dev	Ranking
	1	2	3	4	5			
SR 1	-	-	-	30.0	70.0	4.70	0.466	2
SR 2	-	-	-	46.7	53.3	4.53	0.507	6
SR 3	6.7	6.7	-	36.7	50.0	4.17	1.177	8
SR 4	33.3	40.0	10.0	16.7	-	2.10	1.062	10
SR 5	13.3	-	-	40.0	46.7	4.07	1.311	9
SR 6	-	-	-	36.7	63.3	4.63	0.490	4
SR 7	3.3	3.3	-	40.0	53.3	4.43	0.728	7
SR 8	-	-	-	30.0	70.0	4.70	0.466	2
SR 9	-	-	-	26.7	73.3	4.73	0.450	1
SR 10	-	-	-	36.7	63.3	4.63	0.490	4
<b>N = 30</b>								

Findings in table 4.5 above indicate that the highest ranked effect of supplier’s responsiveness on service delivery to customers in relation to the Government tendering process in Gatundu Sub-County Public Works Department was *Supplier involvement is a factor that impacts on their performance with a mean score of 4.73*, while the least ranked was *Decentralization of public procurement affects supplier performance*, with a mean score of 2.10.

### Regression analysis

In order to meet the purpose of the study “to evaluate the factors affecting supplier responsiveness in the Government Tendering process in Public Institutions with a special focus on the Ministry of Lands, Housing and Urban Development Public Works department of Gatundu Sub-County in Kiambu County”, multiple regression analysis was employed. To achieve this, the researcher carried out a multi regression analysis of the variables. The analysis was carried out in SPSS version 21 for windows at 95% confidence level. Multiple regressions are a statistical technique that allows for prediction someone’s score on one variable on the basis of their scores on several other variables. The findings are summarised and presented in table 4.6 below.

**Table 4.6: Results of multi regression analysis**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.339	.449		0.933	.535
Order specifications	.392	.254	.205	1.933	.027
Information Technology	.324	.239	.235	1.827	.008
Market price increases	.141	.166	.196	1.555	.052
Buyer – supplier relationships	.181	.156	.136	1.437	.061
R-Square = 0.684 , Adjusted R-Squire = 0.467, F = 22.63 , Sig. = 0.000, Std error of the estimate =0.02					
a. Dependent Variable: Supprier’s Responsiveness					

Results of multi-regression in table 4.6 above show that  $R^2 = 0.684$ ; this means that 68.4% of the variability of the factors affecting suppliers’ responsiveness in the Government tendering process could be attributed to (i) Order Specifications; (ii) Information Technology; (iii) Market Price Increases; and (iv) Buyer-supplier relationships. Sig = 0.000 suggests that the model adopted for the current study is significant for predicting suppliers’ responsiveness.

Fidings in tha table also shows the contribution of each variable in explaining the suppliers’ responsiveness as shown by unstandardized beta values which assess the contribution of each variable towards the prediction of the dependent variable. The overall equation as suggested in the conceptual framework can be represented by use of unstandardized coefficients as follows:

$$Y = 0.339 + (0.392 = \text{Order Specifications}) + (0.324 = \text{Information Technology}) + (0.141 = \text{Marketing Price Increases}) \text{ and } (0.181 = \text{Buyer – supplier relationships}) + 0.02.$$

This means that even without the four variables under study, suppliers’ responsiveness would be 0.339. The findings also indicate that a unit change in order specifications would result in 0.392 suppliers’ responsiveness, a unit change in Information Technology would result in 0.324 change in suppliers’ responsiveness, a unit change in Market Price Increases would result in 0.141 change in suppliers’ responsiveness and a unit change in Buyer-supplier relationships would result in 0.181 change in suppliers’ responsiveness. Findings in table 4.6 also show that order specifications ( $p=0.027$ ) and Information Technology ( $p=0.008$ ) were statistically significant. The error term (0.02) means that the model will not be completely accurate, and will result in differing results during real world applications.

### 4.4 Discussion of Findings

Findings of the study indicate that the influence of order specifications on suppliers’ responsiveness is statistically significant, as shown by ( $p = 0.027$ ), which is in line with the findings by Lysons & Farrington (2006), who assert that “ When negotiating with suppliers, purchasing staff must know what they are negotiating for because the satisfaction of user requirements depends on obtaining reliable supplier”.

Findings of the study also show that the influence of Information Technology on suppliers’ responsiveness is the most statistically significant, as shown by ( $p = 0.008$ ). The findings concur with findings by Alex (2013), who observed that “the purchasing department has been radically changed by the development of Information Technology (IT). Many communication channels are available like Internet, email, telephone, mobile communications, fax, video conference calls, GPS, etc. This is further supported by Shalle, Guyo & Emuhaya (2014), who posit that limited or no access to timely information regarding both domestic and export markets especially with respect to such matters as supply volumes and quantities have led to supply shortages because players are never aware of how many orders a customer has placed and how much should be ordered from suppliers. In order to coordinate demand requests, transportation and inventory management organizations

should utilize the benefit of strategic supply chain tools such as information technology to lower and make ordering more efficient.

According to Amayi & Ngugi (2013), Information & Communication Technology has an influence on procurement performance and is still inadequately deployed in public service. Kipkorir (2013) asserts that one of the major problems that deterred the sharing of useful sharing of information between the procuring entity and the suppliers was indeed the lack of appropriate media such as the use of ERP, Electronic Data Interchange and Information Support Systems.

*Though not as statistically significant in influence on suppliers' responsiveness as order specifications and Information Technology, the findings indicate that market price increases ( $p = 0.052$ ) influenced suppliers' responsiveness. A Supplier performs various roles in government tendering processes including; trading with government with an aim of supplying goods of right quantity and quality of material at the right time as required thus maintaining regular flow of materials or goods. They also ensure a better margin of profits in the business or process (Cavinato & Kauffman, 2001).*

Finally, though not as statistically significant in influence on suppliers' responsiveness order specifications and Information Technology, the findings indicate that buyer-supplier relationships ( $p = 0.061$ ) influenced suppliers' responsiveness. This relationship describes a long-term marketing strategy in which emphasis is on building and maintaining long-term relationships with customers rather than 'on a sale at a time'. Maclaren *et al* (2007), noted that as purchasing is the mirror of image of marketing, relationship purchasing aims to achieve strong lasting relationships with suppliers with a view to securing mutual benefits and the added value of competitive advantages for both parties. However not all purchasing relationships are concerned with long term purchasing-supplier associations, hence purchasing relationships may be considered as having two aspects: relationship formation and relationship forms (Lysons & Farrington, 2006). Ford *et al* (2003), cite that maintaining good relations with a supplier should be as important to a contract administrator/end user as getting the best price. A good buyer-seller relationship is a partnership, a win-win situation over the long run. Further, Alex (2013) notes that there is also a public relations aspect to purchasing that should not be overlooked. An organization's public image can be a valuable asset.

Einsen & Mentzer (2006), cite that one of the keys to successful supply chain performance improvement is cooperation and mutual decision making between trading partners. Companies that collaborate with customers in demand and replenishment planning have a better chance of meeting demand. Those who give accurate information may also gain visibility of customer requirements and inventory levels. By synchronizing operations with customers, the supply chain is more responsive to the marketplace with less waste.

Hines *et al* (2000), argued that it may be beneficial to network the supplier, to develop partnerships and alliances that will benefit both partners. This could be based on production, personal, and or symbolic networking that will turn on strategic alliances allowing the information sharing, risk sharing, obtaining mutual benefits and coordinating plans. Carter & Miller (2004) noted that having buyer and supplier functional groups communicate directly with each other reduced suppliers' defect levels and enhanced their performance in the long run. They further argued that poor practices and supplier's lack of understanding of the buyer's requirements therefore, are barriers to quality improvements and suppliers performance. This relationship describes a long-term marketing strategy in which emphasis is on building and maintaining long-term relationships with customers rather than 'on a sale at a time'.

Where a significant proportion of a supplier's sales are to a buyer, its dependence increase, this premise is rooted in resource dependence theory. According to resource dependence theory, organizations, in this case suppliers, take actions to secure the resources (sales) on which they are dependent. If a supplier is dependent upon the buyer for a high level of its sales volume, the supplier may be more committed to the buyer-supplier relationship (Kay, 1995). Mitchel (2000) contends that dependent suppliers are more likely to make changes to their production processes, product specifications and inventory to meet the buyer's needs. Relationship development between a buying firm and its critical suppliers has been positively linked to the value of the relationship as perceived by the buying firm. More generally, supplier performance has been positively linked to manufacturing firm performance (Banker, 2012).

If performance is affected by the quality of the relationship, then in order to sustain performance, the relationship must be sustained. A healthy relationship encourages more information sharing, better communication, and more trust, each of which improves planning, coordination, problem solving, and adaptation and thus manufacturing firm performance (Banker, 2012).

## CONCLUSIONS AND RECOMMENS

### 5.1 Conclusions

Based on the findings of the study, this section presents the conclusions.

The ideas conveyed in this study are in response to the research questions set forth. This study achieved its primary objectives which were: to determine the extent to which order specifications affect Supplier

responsiveness in the Government tendering process; to assess the extent to which use of information technology affects Supplier responsiveness in the Government tendering process; to examine the extent to which market price increases affect Supplier responsiveness in the Government tendering process; and to establish the extent to which buyer-supplier relationships affect Supplier responsiveness in the Government tendering process. This result shows that there are relationships existing among the constructs of the study, and it confirms proposed ideas in the first three chapters. Hence, it is concluded with some contributions to the literature.

Whereas *order specifications* influence suppliers' responsiveness, the highest ranked order specification factors affecting suppliers' responsiveness in the Government tendering process were: *samples are a useful method of specification*; and *order specifications by use or performance is an effective method that enables suppliers to understand customer requirements. Hence the need to give accord them the seriousness they deserve*. The least ranked factors was: *order specifications are drawn satisfactorily to fit the capabilities of prospecting suppliers*.

The findings indicate that the highest ranked information technology factor affecting suppliers' responsiveness in the Government tendering process was: *Frequent changes in information technology occasion training requirements which increases operational costs, while the least ranked factor was bidders are comfortable with on-line tendering in terms of accessibility of information and how to fill the tender documents*.

The highest ranked market price increases factors affecting suppliers' responsiveness in the Government tendering process were: *the bargaining strength of buyers or suppliers has a strong impact on the prices of goods and services*; and *most buyers operate under conditions of imperfect competition where there is no single selling price for an item or service*, while the least ranked factor was *Government interventions in relation to the prices of commodity items result in their low quality and availability*.

The highest ranked market buyer-supplier relationships factors affecting suppliers' responsiveness in the Government tendering process were: *Social responsibility is shown by 'supporting local industries' and thus contributing to the prosperity of the local communities*; *Close buyer-supplier relations enable improved availability of goods and services especially in emergency situations*; and *Working closely with suppliers enables organizations to minimize acquisition costs*. The least ranked factor was *closer co-operation is facilitated by buyers and suppliers based on personal relationships*.

## Recommendations

In view of the findings of the study, the following recommendations for policy and practice are made:

Importance of specifications cannot be over-emphasised. Specifications indicate, fitness for purpose or use; communicate the requirements of a user or purchaser to the supplier; compare what is actually supplied with the requirements in terms of purpose, quality and performance as stated and provide evidence in the event of a dispute, of what the purchaser required and what the supplier agreed to provide. Since the key objective of purchasing is to contribute to the profitability of an undertaking by obtaining the best quality products or services in terms of fitness for use at the least possible total cost. It is therefore highly recommended that negotiating with suppliers, purchasing staff must know what they are negotiating for because the satisfaction of user requirements depends on obtaining reliable supplier.

Findings of the study reveal the importance of Information technology, by way of transforming the way that business is conducted. There is need for purchasing entities to embrace the strategic implications of IT and e-procurement so as to effectively coordinate demand requests, transportation and inventory management organizations should utilize the benefit of strategic supply chain tools such as information technology to lower and make ordering more efficient.

***Market price comparisons enable purchasing entities to appraise the relative value offered by each supplier should as such be given the attention it deserves if "value for money" has to be attained.***

Buyer-supplier relationships describe long-term marketing strategy in which emphasis is on building and maintaining long-term relationships with customers rather than 'on a sale at a time'. Relationship purchasing aims to achieve strong lasting relationships with suppliers with a view to securing mutual benefits and the added value of competitive advantages for both parties. Purchasing entities should strive to build long-term relations with suppliers since they lead to trust and an understanding of their respective requirements and interests, accompanied by a concern for both learning from and providing assistance to each other, and should be treated with the same importance as getting the best price. A supplier who is treated equitably and professionally is likely to communicate his positive experiences with the buyer's organization to his associates.

## Suggested areas for further study

The following areas are suggested for further study:

(i) As opposed to industry wide generalization of the current results, a new study could be replicated in specific industry settings. It would be intriguing to see how significant a role industry differences, corporate culture, and financial capacity play in suppliers' responsiveness; (ii) investigate the influence of factors on suppliers'

responsiveness, which have not been investigated in this study; (iii) Others various ways of collecting data, different study design should be employed to see if such results would be got or if there will be variation; and (iv) Similar research should be carried out in other parts of the country so as to see whether the same results will be achieved.

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## ACRONYMS AND ABBREVIATIONS

<b>AEC:</b>	African Exporting Countries
<b>CDF:</b>	Constituency Development Fund
<b>EABL:</b>	East African Breweries Limited
<b>EDI:</b>	Electronic Data Interchange
<b>EFT:</b>	Electronic Funds Transfer
<b>ERP:</b>	Enterprise Resource Planning
<b>ESI:</b>	Early Supplier Involvement
<b>EU:</b>	European Union
<b>FIFO:</b>	First In First Out
<b>GOK:</b>	Government of Kenya
<b>GPS:</b>	Geographical Positioning Satellite
<b>HR:</b>	Human Resources
<b>ICT:</b>	Information Communication Technology
<b>IT:</b>	Information Technology
<b>JIT:</b>	Just In Time
<b>KeNHA:</b>	Kenya National Highways Authority
<b>LAN:</b>	Local Area Network
<b>LPO:</b>	Local Purchase Order
<b>LSO:</b>	Local Service Order
<b>MKU:</b>	Mount Kenya University
<b>MSC:</b>	Master of Science
<b>OD:</b>	Organizational Development
<b>OJEU:</b>	Official Journal of European Union.
<b>ORCA:</b>	Online Representation of Certifications Applications
<b>PPDA:</b>	Public Procurement and Disposal Act
<b>PPDGM:</b>	Public Procurement and Disposal Regulations
<b>PPDR:</b>	Public Procurement and Disposal Regulations
<b>PPOA:</b>	Public Procurement Authority
<b>RBT:</b>	Resource Based Theory
<b>RFI:</b>	Request for Information
<b>RFP:</b>	Request For Proposal
<b>RFQ:</b>	Request For Quotation
<b>SAM:</b>	System for Acquisition Management
<b>SME:</b>	Small Medium Enterprise
<b>SPSS:</b>	Statistical Packages for Social Sciences
<b>TCT:</b>	Transaction Cost Theory
<b>UK:</b>	United Kingdom
<b>VAN:</b>	Value Added Network
<b>VAT:</b>	Value Added Tax
<b>VMI:</b>	Vendor Managed Inventory
<b>WAN:</b>	Wide area Network
<b>WTO:</b>	World Trade Organization
<b>WWW:</b>	World Wide Web

## DEFINITION OF TERMS

### Management information systems

These are systems used to convert data from internal to external sources into information and to communicate it, in an appropriate form, to managers at all levels in all functions so to enable them to make timely and effective decisions for planning, directing and controlling the activities for which they are responsible (Lucey, 2001). The study will evaluate how efficiency and effectiveness are brought about by the use of these systems by both the buyer and suppliers in the procurement process.

### Materials Management

This is the function of business that is responsible for the coordination of planning, sourcing, purchasing, moving, storing and controlling materials in an optimum manner so as to provide service to the customer, at a pre-decided level at a minimum cost (Lysons & Farrington, 2006). The study will assess to what extent this function is affected by supplier responsiveness in the tendering process.

### **Procurement**

This is the acquisition of goods, services or works from an outside/ external source. It includes the buying of goods and services. The activities in procurement include negotiation, ordering of goods and services, expedition among other activities that ensures that the required goods and services are available for the effective operations of the organization (Baily, 2008). The study will establish how the tendering process facilitates the acquisition of the right goods and services of the right quality and at the right price, are delivered to the right place at the right time.

### **Sustainable procurement**

This is a spending and investment process typically associated with public policy, although it is equally applicable to the private sector. Practicing organizations meet their needs for goods, services, utilities and works not on a private cost-benefit analysis, but with a view to maximizing net benefits for themselves and the wider world (Lysons & Farrington, 2006). The study will evaluate how sustainability in procurement is enhanced by healthy buyer –supplier relationships.

### **Tendering**

This is a purchasing procedure whereby potential suppliers are invited to make a firm and unequivocal offer of the price and terms which, on acceptance, shall be the basis of the subsequent contract. Although tendering is sometimes used to obtain prices by private sector undertakings, particularly in respect of construction and service contracts, it is in the public sector that tendering is most used to ensure the principles of public accountability (Carter & Miller, 2004). The study will determine how supplier responsiveness in the tendering process enhances customer service delivery.

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