

Effects Of Internal Organization Communication Channels On Efficiency In The Procurement Function In Public Institutions In Kenya. Case of Kenya Seed Company

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Abstract: In the recent years ,Kenya’s Public Procurement has experienced phenomenal importance with the formation of the Public Procurement and Oversight Authority and the subsequent reforms seeing the institutionalization of procurement in all public entities .With the launch in 2008 of Kenya’s development blue print vision 2030, the role of public procurement in stimulating economic growth and development has received more attention than before .The central objective of this study is to examine the effect of internal organization communication channels on efficiency of the procurement function in public institutions in Kenya using Kenya Seed Company as a case study . The study aimed at determining the effect of communication between procurement personnel on supplier selection, effect of communication between procurement and user departments on quality control of goods and services, effect of communication between procurement personnel on staff training and performance and well as effect of communication between procurement and user departments on inventory management. Data was collected by means of a structured questionnaire. Analysis of quantitative data was done using measures of central tendency, correlation and regression analysis. From the findings, communication between procurement department personnel explained 36 % of procurement efficiency, communication on quality control of goods and services explained 32% of procurement efficiency, communication on staff training and performance explained 22% of procurement efficiency while communication on inventory management explained 13 % of procurement efficiency. For the public entities to realize increased efficiency and effectiveness in the delivery of services, these four factors must be put into consideration during execution of procurement functions.

Keywords: Efficiency in procurement, internal organization communication channels, Procurement Function, Procurement functions, Public Procurement, Supply chain.

1. INTRODUCTION

Communication is a tool and a vital aspect of management process .It includes both past and present information. Communication is intended to make others understand and act upon it accordingly in the same sense .communication is effective when the message is shared and understood. The process of communication is related to behavioral aspect of people at work and their dynamics cannot be predicted in an exact manner. Communication is beneficial in that it fosters a better understanding of co –workers as well as customer behavior .It also fosters new skills for resolving interpersonal conflicts as well as establishing high performance standards established through mutual alignment of management and employees. It also results in increased productivity even under adverse conditions. Communication also results in

improved interviewing and consulting techniques as well as creating the ability to create an organizational climate of support and trust. It leads to flexibility to understand people from different cultures and leads to active and accurate listening skills or habits as well as promoting inter-personal motivation. Communication skills consist of five segments; speaking, listening, writing, readability and nonverbal cues. In communication, we interact with others by exchanging facts, feelings, figures, emotions, ideas, and opinions. In a modern dynamic work business environment, to be successful, a good communicator needs to exhibit the ability to think, write, observe, and speak effectively. The biggest challenge is to bring about the right perception, use of information, analysis of the situation, creating impulses and finding ways to put across and handle messages. Communication is a process that involves the sorting, selecting and sending of symbols in such a way as to assist the listener perceive and re-create in his/her own mind the meaning contained in the mind of the communicator.

It is worth mentioning that effective communication is indispensable for effective human and business relations. Procurement personnel need to be aware of how communication functions in the business environment and therefore strive to improve their communication skills so as to be effective and efficient in the work place. The link between effective communication and efficiency at the procurement function has been supported by various studies and reviews. Some of the means of communication include; Service centers and help desks, meetings, workshops, conferences and press conferences, telephones, print including minutes, letters, newspapers, brochures and mails, internet including intranets and extranets, emails, Facebook, Twitter, YouTube, World Wide Web, broadcast (Radio and television), public opinion research, informal meetings, in-person channels and hotlines. Some of the types of communication in the procurement function include communication with the supplier. Never before in the history of man's industrial endeavors has the value of building effective and responsive relationships between suppliers and customers been more crucial to the survival of free market enterprise than today. Communication between supplier and buyer creates teamwork which can drive down total cost, improve quality and speed products to the market far more effectively than the same people working as adversaries. (Saunders; 1997).

There is also communication between the procurement function and user departments as well as the corporate level. Here, transmission of documents suffices as the normal way of communicating most information and as a method of allowing a series of actions to be taken sequentially by different departments. At times power struggles and creation of departmental boundaries spoils progress in the organization. This can be solved by having interdepartmental management meetings and bilateral contact between heads of different functions for opportunities to discuss common solutions to problems and to overcome conflicts. (Saunders; 1997). Communication within the procurement department is mainly concerned with the day to day running of the department, assigning of duty, communication on new strategies, procedure for aligning the department to the overall objectives of the organization. Communication here may take the form of reports of various kinds. Informal discussions and suggestions, polls and ballots and grievance procedures (Sillars; 2002). This ensures proper stock acquisition, control, issuing and disposal of surplus or obsolete goods. Staff training, induction and discipline issues as well as appraisal within the function also rely on communication for success. The process of acquiring materials and services begins with receiving requisitions from user departments, solicitation of quotations, negotiating with suppliers, order placement, receiving supplies and finally making payment. The link in the procurement chain process is information. Therefore each sub process in the chain is responsible for capturing or otherwise processing information that enables us to answer the questions: what are we required to purchase? And where and how can the required supplies be obtained? A process chain relationship can therefore be also considered as a message chain relationship. (Lysons and Farrington; 2003). It is therefore clear here that communication is important during the procurement of goods, services and works.

Secondly, the procurement department is charged with the task of evaluating whether it is receiving the materials procured at the best possible price in order to maximize profitability. The department has to find the best vendors at the most reasonable prices for the company's particular size orders. Purchasing staff communicates with alternative vendors, negotiate better pricing for bulk orders or investigate the possibility of procuring cheaper materials from alternative sources as part of its daily activities. (Writing; 2012). Also, the procurement department is responsible for maintaining sound cooperative relationships with other departments, providing information and advice necessary to ensure effective operation of the organization as a whole (Baily *et al*; 2008). Some of the links with other departments include activities and information, including receiving transactions, order revision data, supplier profiles, accounts payable status, special order processing and tracking of incoming purchases through receipt routing (Writing; 2012). Communication plays a critical

role in this role. Again, the department ensures continuity of supply by maintaining effective relationships with existing sources and by developing other sources of supply either as alternatives or to meet emerging and planned needs. Competitive dialogue, a form of communication is a new route for contracting authorities to procure complex contracts for public works, supplies and services. It allows a significant degree of dialogue with potential suppliers prior to receipt of final offers. It was introduced to counter the criticism that previous procedures did not offer sufficient flexibility in complex projects involving complicated and structured financing where the financial and legal make up cannot be defined in advance (Baily *et al*;2008). Communication here is a tool for establishing and maintaining these crucial relationships.

As part of the e-procurement drive, PPOA has developed a web based system for collecting and disseminating procurement information including tender invitations, Requests for proposals (RFPS), and contract award information for all government contracts. Information on procurement plans, tender notices, contract awards, procurement statistics, legal and policy documents are availed publicly, such information is vital because it could be used to increase competition levels, provide for control of the audit system, enable civil society to conduct social audit as well as enhance understanding of the procurement system. According to an undated survey by J.Karanja and H.Mugoh, on the internal factors affecting procurement process of suppliers in the public sector in Kenya government ministries, the government officials and elected leaders have increasingly come to realize that public agencies must utilize ICT in order to enhance the procurement processes in the public sector. Faced with tight budgets and a retiring work force today's government agencies are operating in the environment defined by the need to do more with less. Public authorities are expected to provide excellent service to their constituents in an effective and transparent manner, all the time while working under constant resource constraints by adopting ICT.(Hagen and Zeed ;2005).The same survey shows that from a business perspective, implementing scalable communication infrastructure e.g. Wide area networks,(WANs),accommodates the various types of service government agencies require on a day to day basis, including provision of broadband internet access for online services and internal collaboration, and handling administrative data. Finally, the CIPS affirms that communicating one clear message to all stakeholders is not easy. Implementing purchasing measures is not as easy as it may sound. It requires preparation, coordination, teamwork, constant communication and feedback.

1.2 Statement of the Problem

Sourcing from abroad has been widely embraced by many organizations. The success of this strategy is greatly marred by communication problems which arise mainly because of language difficulties, time difference between countries and differing meanings attached to trading terminology and technical vocabulary. *consensus ad idem*, agreement on the same thing, is fundamental to a valid contract. It is therefore important to ensure that understanding is mutual. Even if using English or other shared language and one party is less familiar with it, meanings attached to words or contract terms may differ.(Baily *et al* ;2008).This poses a serious challenge to global sourcing. Where as much has been done to show that there is a link between communication and efficiency during procurement, little has been done to adequately explain what entails effective communication during procurement. Secondly, most studies have centered on the contributions of the internet to efficiency but little has been done to leverage the other channels of communication which happen to be easily accessible and frequently used. Also the characteristics of the various channels of communication which can be counted on to bring efficiency have not been explored. Even if the internet has been explored, its use is shown to be storage of data. Little has been done on the review and retrieval of information on procurement from the said databanks. Also, information sharing seems to be praised as a way of fostering a close buyer supplier relationship which is shown to be a contributor to supplier performance. Little has been done to show the limitations of too much information sharing.

1.3 General Objective

The overall objective of this study is to examine the effect of internal organization communication channels on efficiency of the procurement function.

1.4. Specific Objectives

1. To examine the effect of communication between procurement personnel on vendor selection.
2. To establish the effect of communication between the procurement department and user departments on quality control of goods and services.

3. To examine the effect of communication between the management and staff within the procurement department on staff training and performance.
4. To establish the effect of communication between the procurement management and user departments on materials management.

1.5 Justification of the Study

The motivation of this study was grounded on the recognition of the vital role the procurement entity is bound to play in the economy of not only firms but also Kenya's development blue print, Vision 2030, which aims at making Kenya a newly industrializing, middle income country providing quality high life for all citizens by the year 2030.

Second, the study will serve as a point of reference of Kenya's policy makers in that it will shed light on the right policy mix in designing long and short term strategies to realize efficient procurement functions.

Third, the study will recommend measures that the procurement function can utilize to effectively optimize communication so as to improve its performance.

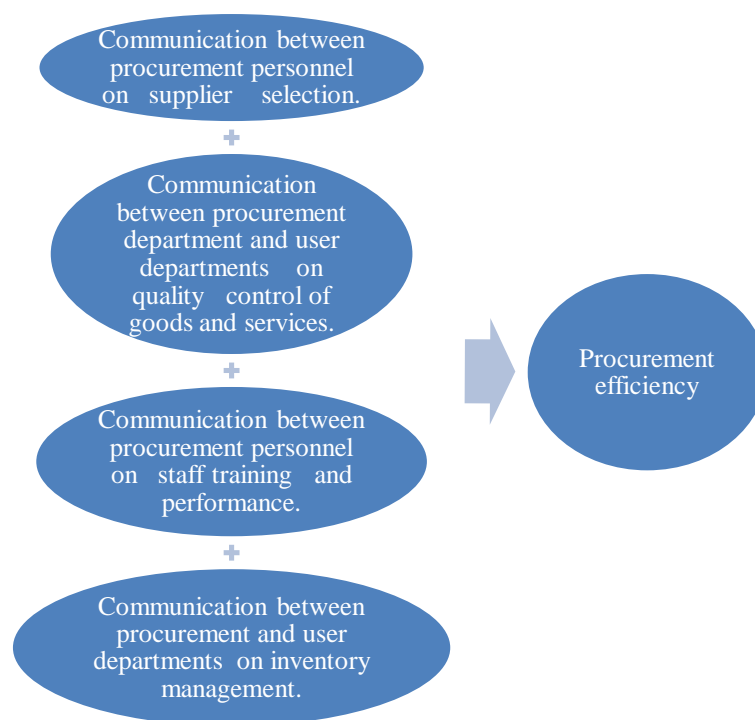
Fourth, and more importantly, the study extends existing literature on communication at the procurement function.

2. LITERATURE REVIEW

Resource based theory suggests that purchasing and supply chain management will often have the attributes that can enable them to be the sources of sustained competitive advantage. Communication plays an important role in any organization to enable effective presentation of policies both internally and externally. It offers an alternative to Michael Porter's approach on the competitive forces by focusing more on the competencies and capabilities of the firm rather than its positioning in its chosen markets. It contributes to and supports every decision point of the purchasing year cycle. With assuming that activities leading to competitive advantage should be maintained in-house, clearly less important items are sourced externally. Moreover, through collaboration with suppliers, and through the accomplishment of preferred customer status, the achievement of a competitive advantage is facilitated, awarding preferably fixed and long term contracts. This theory affects make or buy decisions, sourcing strategies, supplier portfolio and relationship strategies as well as awarding of contracts. According to Barney (1991, p.100), the resource based view examines the link between a firm's internal and external characteristics and performance. As the basis of competitive advantage, the Resource based view considers the application a bundle of tangible and intangible resources. (Penrose 1959 p.24, Wernerfelt 1984p.172.). The link between effective communication and efficiency at the procurement function has been supported by various studies and reviews. In a business setting, communication can take the place between two people, or within groups of any size, at every level of every kind of organization. So common is communication that it can be taken for granted and not seen as an integral part of the functioning of the organization, which includes the procurement function, (Sillars 2002). For the procurement function to function efficiently, replenish stock, communication is essential. (Baily, 2008). It is evident that indeed data sources and information extracted from these sources act as communication channels that enhance the performance at the procurement function. It is very clear that the process of procurement should be accompanied by an evaluation of the data and findings to identify the system's strengths followed by developing a plan for addressing the identified weaknesses. Buyers purchase goods from sellers without verifying the value of the goods and firms place orders for new parts or products before complete prototypes have been developed. Agreements such as these are often based on vital information known only to one party, not verified by the other party. However there is no likelihood that negotiators will settle on mutually beneficial agreements in negotiations where the vital information is held only by one party (Ankerlof 1970).

2.1 Conceptual Framework

For the purpose of this study, the researcher looked at the effect of communication between procurement personnel on supplier selection during procurement, the effect of communication between procurement and user departments on quality control of goods and services, the effect of communication between procurement personnel on staff training and performance and the effect of communication between the procurement and user departments on materials management.



Independent Variables Dependent Variable

Figure 1. Conceptual framework

2.1.1 The Effect of Communication on Supplier Selection and Procurement Efficiency

Wang and Che (2007) suggests that apart from optimum cost, joint development, culture, forward engineering, trust, supply chain management is a metric used when selecting a supplier and that quality, and communication were also important. The study further mentions that in the supplier selection process, a data bank containing authorized list of suppliers with their profiles is crucial. That important information should include technical capability, quality assessment and organizational profile. Supplier's data regarding this criteria should be stored in a case structure consisting of a number of fields representing the criteria in each with the relevant numerical performance values in the corresponding criteria of the supplier.

For any business transaction to take place, it is essential that the buyer and seller communicate. This enables the buyer to specify his requirements in a way that the seller understands so that he can make the correct supply. During procurement, mistakes at times happen and communication will come in handy to solve the difficulty in an amicable manner. It is also worth noting that communication comes in handy during the product development process and that the procurement department also always keeps in touch through communication with the suppliers during delivery. Because the business environment is dynamic, any organization will optimize on communication in evaluating supplier performance and also to cut its competitive edge.

2.1.2 The Effect of Communication on Quality Control of Goods and Services and Procurement Efficiency

A study by Achuora *et al* explains that one way of ensuring quality in procurement is by the use of internal audits. This study cited Wanjiru (2008) who defines internal public auditing as a continuous auditing by parties within the organization where the public internal auditor is involved. These internal audits within the public entities promote better management and play an important role in corporate governance arrangement. Specific professional qualities are all important but academic qualifications ranking first followed by effective communication skills, then experience in procurement audit and lastly ICT skills.

Another study by Azlan *et al* (2013), found out that in Malaysia, high demand for refurbishment projects mainly contributed to the increase in the number of obsolescence. That refurbishment projects are difficult to manage compared to new build due to uncertainty factors inherent in the projects. The uncertainty was mainly contributed by lack of

communication and involvement amongst project stakeholders in all stages of the procurement process. As a result, most of the refurbished projects end up with poor project performance. As per Ramat (1997) majority of refurbished projects had a high proportion of design information which could only be obtained during the construction stage. In design and built, the contractors could be involved and contribute ideas to improve the design from the schematic design stage. As per Elmuti (2003) a number of organizational strategies were identified as key contributors to outsourcing success. These concluded strategies with clear objectives include right outsourcing partners, adequate skills, adequate planning, effective communication, cooperation and collaboration throughout the organization. These strategies are thought to improve quality, delivery and performance.

2.1.3. The Effect of Communication on Staff Training and Performance and Procurement Efficiency

According to Armstrong (2006), performance is a matter of not only what people achieve but how they achieve it. High performance results from appropriate behavior and the effective use of the required knowledge, skills and competencies. He further explains that the overall aim of personnel management is to establish a high performance culture in which individuals and teams take responsibility for the continuous improvement of business processes and for their own skills and contributions within a framework provided by effective leadership. The aim is to align individual objectives with organization objectives and to develop the capacity of the people to meet and exceed the organization objectives. As per Elmuti (2003) when examining the factors that hinder outsourcing by firms, providing enough training and skills needed to manage outsourcing was a prerequisite. That the individuals responsible for outsourcing relationships should receive specific training that includes a complete understanding of the business goals of the contract, the specific criteria agreed to and individual roles. This training and communication according to Foster (1999) can also help to reduce resentment or resistance to outsourcing.

A resource based view by Guinipero and Percy 2000; Handfield and Eltanway 2006 using interviews and surveys, found out that the significant changes in the purchasing and supply management over the last decade did not leave the purchasing function unaffected. Triggered by rapid changes in the dynamic business environment, new tasks and use of the web enabled systems, the role of purchasing professionals has evolved from a rather clerical towards a more tactical and strategic function. To cope with a more flexible and a more dynamic supply chain, a professional needs interpersonal communication. The purchasing function is not only driven by a flexible supply chain but also by several trends that drive the purchasing function towards a more strategic direction. These trends include the implementation of strategic relationship management with suppliers, strategic cost reduction, integrated systems and collaboration, a greater focus on total cost in supplier selection and strategic versus tactical purchasing orientation (Guinipero and Percy 2000). All these trends being facilitated by strategic skills which are characterized by team building, strategic planning skills, communication skills as well as broader technical skills. To cope with the more flexible and dynamic supply chain, personnel need interpersonal skills. Professionals must be able to influence and persuade their counterparts. Using a systematic review of information retrieved from documents mainly in electronic databases, Guinipero (2006) most effective procurement practitioners have a blend of competency, good relationship management and communication skills as well as the ability to think literally. Not having equal access to information about decision making in government and the private corporate sector worsened the corruption climate in Bangladesh's procurement department and that e-procurement can be used in helping purchasing, processing, exchanging and storing all information related to institutional purchases in a public organization (Asser and Buoghzala 2008).

2.1.4 The Effect of Communication on Inventory Management and Procurement Efficiency

A study by Somuiywa and Adebayo (2011) found out that the dissemination of ICT has opened up new opportunities for the development of new roles and functions of the so called info-mediaries or on line freight, e-market places. Somuiya (2009), Somuiya and Adewoye and Somuiya and Oyesiku (20 10) found out that the purpose of the web based intermediaries is to give added value to transport and logistics business through greater efficiency, and information transparency. The faster information flows along the supply chain, the faster operational decisions can become. The faster the cash and materials flow along the supply chain, the faster a company's money is freed from the manufacturing or procurement cycle. As per Ogbadu (2009) the objective of materials management is to provide information service for controlling the distribution of products, production management, instruction, manufacturing routes and other background production information.

2.2 Summary

From the fore going discussion, it is clear that indeed communication fosters efficiency during supplier selection, quality control of goods and services, staff training and performance as well as materials management. Important communication tools include purchase orders, contracts, master files, the internet, meetings, invoices, databases, receipt and delivery documentation, organizational bulletins, notices, graphical presentation of data, correspondence, to name but a few.

3. RESEARCH METHODOLOGY

This study used descriptive research design .This research design is concerned with describing the characteristics of a particular individual or a group (Kothari; 2006). The case study method was employed since it is intensive in nature, and would locate the factors that account for the subject of the study. This type of design also describes the state of affairs as they exist at present (Kothari; 2006). This study targeted 293 employees in departments that purchase core items. Purposive sampling was applied in selecting all the procurement department staff, all senior management personnel as well as all supervisors in all the selected departments. Purposive sampling is considered more appropriate when the universe happens to be small and a known characteristic of it is to be studied intensively. The researcher also used the Krejcie and Morgan (1970) table for determining sample sizes from any given population to come up with sample size for the other employees other than the group above desired to participate in the study.

Questionnaires elicited information about the effect of communication on efficiency in the procurement department. Respondents were asked to give an indication of perception of procurement efficiency in connection with communication on supplier selection ,communication on quality, communication on staff training and communication on material (inventory) management employing a five-point Likert rating scale from “strongly disagree” to “strongly agree” with “Undecided” as the midpoint.

Quantitative data obtained from the questionnaires was analysed using descriptive statistics and made meaningful by describing the distributions of scores using percentages, measures of central tendencies and measures of relationships. Since this study attempted to describe certain effects and make inferences about particular perceptions of efficiency, both correlation and multiple linear regression analysis were utilized. Pearson Product Moment coefficient of Correlation was used to determine the extent of effects between communication and procurement efficiency variables. The study regressed Procurement Efficiency (Y) and Communication Variables (predictor variables). Thus the study model:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where:

Y- procurement efficiency

ε - Error term

$\beta_0, \beta_1, \beta_2, \beta_3, \beta_4$ -Coefficients of procurement efficiency

X_1 -communication on supplier selection

X_2 -communication on quality control of goods and services

X_3 -communication on staff training and performance

X_4 -communication on inventory/materials management

4. RESEARCH FINDINGS AND DISCUSSION

The actual number of the respondents who actively participated in the study was 167 of both genders, which is 83.5 % of the total questionnaires given out.33 respondents did not respond, representing 16.5% of the total questionnaires given out. The response rate of 83.5 % of the respondents indicates that the gathered data met the generalization standards since according to Cooper & Schindler (2003) a response rate above 30% of the total sample size can be generalized to represent the opinions of the entire population.

Table 4.1.1 Response rate

Gender	Frequency	Percentage
Males	113	67.7
Females	54	32.3
Total	167	100

4.1.2 Respondents Department

The study further sought to determine the departmental representation at the time of data collection. 7.8 % of the respondents were from the Procurement department, 31.1 % respondents were from the Research department while 12% were from the Processing department, 4.2% were from the Production department, 13.8 were from the Basic Seed Unit department while 6.6% were from the sunflower department and 24.6 % were from the Marketing department. Respondents for the study were drawn from 7 departments of the company which is a representative sample of all the departments hence data collected from them is representative of the company's view of the subject of this study. This representation is shown in the table 4.1.2 below

Table 4.1.2. Representation

Department	Frequency	Percentage
Procurement	13	7.8
Research	52	31.1
Processing	20	12.0
Production	7	4.2
Basic Seed Unit	23	13.8
Sunflower	11	6.6
Marketing	41	24.6
Total	167	100

4.1.3 Working Experience

It was important for the study to determine the length respondents had worked in the company since this is a basis of determining if the respondents understood the operations of the purchasing department. It's assumed that the longer the stay the better the employee understands purchasing department operations. 24% of the employees had worked for between 1-5 years while 34.1% had worked for between 6-10 years while 24.% had worked for between 11-20 years. 18% had worked for more than 20 years. It is safe therefore to conclude that 76.1% employees had worked in the organization for more than five years, a period that is deemed long enough to understand the operations of the procurement department and that the responses were factual and not rumours. This is summarized in the table below.

Table 4.1.3. Working Experience

Years of service	Frequency	Percentage
1-5 Years	40	24
6-10 years	57	34.1
11-20 years	40	24
Above 20 years	30	18
Total	167	100

4.1.6 Respondent's Education Level

This study also looked at the education level of its respondents and it found out that 31.1% of the respondents attained certificate level, 34.7 % are diploma holders while 29.3% hold degrees, 4.2% hold Master's Degree and 0.6 % are PHD holders. This means that all respondents have training in their area of specialization and therefore have the necessary understanding of both language and company operations from an expertise point and that their responses can hence be relied on. This is summarized by table 4.1.6 below.

Table 4.1.4. Education level

Education level	Frequency	Percentage
Certificate	62	31.1
Diploma	58	34.7
Degree	49	29.3
Masters	7	4.2
PhD	1	0.6
Total	167	100

4.1.7. Relationship between variables

Inferential statistics was carried out using regression model to establish the effect of internal organization communication channels on procurement efficiency. The Regression model established how and to which extent each of the independent variable explained the dependent variable. The study regressed Procurement Efficiency (Y) and Communication Variables (predictor variables). Table 4.1.5 below shows that the significance value is 0.000 which is less than 0.05 thus the model is statistically significant in predicting how the independent variables predict the dependent variable. The Regression effect is statistically significant indicating that prediction of the dependent variable is accomplished better than can be done by chance. The F calculated is 93.876 which is greater than the F critical at 5% level of significance, this shows that the overall model was significant.

Table 4.1.5 ANOVA

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	97.430	4	24.357	93.876	.000 ^a
Residual	42.033	162	.259		
Total	139.463	166			

From table 4.1.6 below, communication on supplier selection explained 36 % of purchasing efficiency, communication on quality control of goods and services explained 32% of procurement efficiency, communication on staff training and performance explained 22% of procurement efficiency while communication on inventory management explained 13 % of procurement efficiency. Therefore the regression equation is formulated, $Y = -0.218 + 0.366x_1 + 0.323x_2 + 0.217x_3 + 0.136x_4$. The data findings analyzed show that taking all other independent variables constant, a unit increase in communication on supplier selection will lead to 36.6% increase in procurement efficiency while a unit increase in communication on quality control of goods and services will lead to 32.3% increase in procurement efficiency, unit increase in communication on staff training and performance will lead to 21.7% increase in procurement efficiency and a unit increase in communication on inventory/materials management will lead to 13.6% increase in procurement efficiency. The possible value of Y when all independent variables are equal to zero is -0.218.

Table 4.1.6 Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-0.218	.214		-1.018	.310
	Communication on supplier selection.	.366	.059	.360	6.207	.000
	Communication on quality of goods and services.	.323	.069	.281	4.694	.000
	Communication on staff training and performance	.217	.056	.226	3.850	.000
	Communication on inventory management	.136	.063	.137	2.168	.032

Based on significance values, the study found out that communication on supplier selection, communication on quality control of goods and services, communication on staff training and performance significantly explained procurement efficiency at a significance value of 0.000 while communication on inventory/materials management significantly explained procurement efficiency at a significance value of 0.32. All together the four independent variables that were studied explain 69.1% of purchasing department efficiency. Therefore this means that 30.1% of purchasing efficiency can be explained by other factors that were not considered by this study.

5. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1. Summary

The first objectives were to establish the effects of communication between the procurement personnel on supplier selection. In pursuing this objective, respondents were asked whether having access to the databank of the authorized list of suppliers enabled the procurement personnel select better rated suppliers. 6.6% respondents strongly disagreed, 7.8% disagreed, 8.8% were undecided, 47.3% agreed and 29.9% strongly agreed.

The second objective was to establish the effect of communication between the procurement and user departments on quality control of goods and services. To pursue this objective, the respondents were asked whether they agreed that quality is best achieved through careful procedure during specification 4.8% respondents strongly disagreed, 4.2% disagreed, 8.4% were undecided 42.5% agreed while 40.1% strongly agreed.

The third objective was to examine the effect of communication between procurement personnel on staff training and performance. The respondents were asked whether they agreed that procurement personnel performed better in their workstations because the purchasing executives had communicated their roles to them 10.2% respondents strongly disagreed, 12.0% disagreed, 10.8% were undecided 38.9% agreed while 6.6% strongly agreed.

The fourth objective was to establish the effect of communication between procurement management and user departments on materials management, 8.4% of the respondents strongly disagreed, 7.8% disagreed, 12.0% were undecided, 40.1% agreed and 31.7% strongly agreed.

From the findings, communication between procurement department personnel explained 36% of procurement efficiency, communication on quality control of goods and services explained 32% of procurement efficiency, communication on staff training and performance explained 22% of procurement efficiency while communication on inventory management explained 13% of procurement efficiency.

5.2. Conclusions

5.2.1. What Is The Effect Of Communication Between Procurement Personnel On Supplier Selection?

From the study it can be seen that communication between procurement personnel on supplier selection affects efficiency in the procurement department as most of the respondents agreed to this. Communication between procurement personnel on supplier selection ensures that the right supplier is selected to meet emerging and planned needs. This also ensures the continuity of supply by maintaining effective relationships with existing sources or developing other sources of supply. When there is effective communication among the procurement personnel on supplier choice, the personnel are aware of the criteria for selection and easily arrive at a consensus on the choice. This fosters objectivity in supplier choice and at the same time build teamwork in the department. This way, it is easy to meet both departmental and company goals.

5.2.2 What Is The Effect Of Communication Between The Procurement Department And User Departments On Quality Control Of Goods And Services?

From this study, it can be concluded that communication between the procurement and user department on quality control of goods and services affects efficiency at the procurement department. This is because a large number of respondents agreed to it. Interaction among departments fosters some level of friendly attitude that makes it easy for purchasing to easily detect any quality issue and solve it immediately to avoid further losses. Careful communication ensures that the user departments give correct specifications for their needs. This prevents re-work and returns which are quite costly and time consuming, a great disadvantage in today's dynamic and competitive business world. Communication between the procurement and user departments during the product development process ensures quality of a product.

5.2.3 What Is The Effect Of Communication Within The Procurement Department On Staff Training And Performance?

Communication between procurement management and personnel in the procurement department on their training and performance affects efficiency in the procurement department. Communication in the purchasing department facilitates staff appraisal which aides in improved performance which results in efficiency .When there is adequate communication, there is employee satisfaction as they get an opportunity to constructively discuss problems relating to the job. On the job training also facilitates good relationship with other departments and even suppliers .However, there seems to be a problem in the way the purchasing executives communicate the roles of the procurement personnel to them since a very small percentage agreed that procurement personnel have performed better in their work stations because the purchasing executives have communicated their roles to them. Also this study revealed that there is no clear program in the purchasing department placed at a visible position to anticipate training .This means that the procurement personnel are not sure of when and how they will be trained.

5.2.4 What Is The Effect Of Communication Between The Procurement Management And User Departments On Materials Management?

From this study, it can be concluded that the efficiency at the procurement function is partially due to proper inventory control facilitated by communication between the procurement and user department .The purchasing department informs the user departments on product lead times which enable them prepare purchase requisitions. Material loss is controlled by effective record keeping, receipt and issuance of inventory. This results in reduced inventory costs. Because purchasing is blamed for any delay or unmet targets by the company, communication ensures that the purchasing department being a service department is at the forefront in forging interaction with user departments. Successful businesses understand the importance of fostering an environment that stresses effective communication and teamwork between all departments within the organization.

5.3. Recommendations

Having established that communication between the various stakeholders in the organization affects efficiency, a careful plan of enhancing improved communication channels should be put in place. The efficiency of the procurement department in public entities depends on communication between procurement personnel on supplier selection, communication between procurement and user departments on quality control of goods and services as well as communication between procurement personnel on staff training and performance, and communication between procurement and user departments on quality control of goods and services. For the public entities to realize increased efficiency and effectiveness in the delivery of services, these factors must be put into consideration during execution of procurement functions.

5.3.1. Effects Of Communication Between Procurement Personnel On Supplier Selection

Detailed supplier profiles should be availed to all procurement personnel so that objective supplier choice is made. Supplier choice should be a collaborative activity between procurement personnel based on the data- a form of communication –available in the department’s database. Supplier profiles per every product and service line should be available and understood by all procurement personnel .For improved communication on supplier selection, the purchasing executives should ensure that all purchasing employees have access to the databank of approved list of suppliers and that they support the purchasing personnel in the process of supplier selection . This process should be conducted in a clearly communicated, transparent way, with clear explanation on product requirements and supplier capabilities. All procurement employees should stay abreast on supplier choice criteria and if not quite sure, should openly communicate the desire for knowledge without fear of reproof by procurement executives who should in turn initiate an atmosphere of trust, dependability among employees on supplier choice and desire for improvement .Bearing in mind that new businesses are initiated daily, the data banks should be continuously updated and supplier profiles clearly marked .There should also be a realization that improved communication strategies will greatly boost interaction and greater efficiency. Supplier choice can be done during planned meetings when verbal communication as well as immediate feedback is realized.

5.3.2. Effects Of Communication Between Procurement And User Departments On Quality Control Of Goods And Services

For improved communication between procurement and user departments on quality control of goods and services, there should be a diligent explanation of product specification, contents of contracts, an understanding of service level agreements, and clear knowledge on key performance indicators of product parts. The procurement personnel should also continue being sensitized on preparation and interpretation of specifications, Service level agreements, key performance indicators as well as contractual terms and schedules so as to enhance the quality of the procured goods and services. The line managers in these departments should ensure that the employees understand the element of quality in the product or service procured. Documentation on quality should be kept and shared by purchasers. Managers in these departments should ensure quality of goods procured through the formation of cross functional teams from the departments requiring the purchase. Records on past quality issues should be availed for use in making future purchases. There should be openness and teamwork between members of the cross functional teams such that an environment where issues of quality are objectively discussed and emerging misunderstanding solved fast are cultivated.

5.3.3 Effects of Communication between Procurement Personnel on Staff Training and Performance

Procurement executives should realize that poor communication of roles to procurement personnel hampers their performance since it will appear that they are grabbing in the dark so to speak. The procurement department should realize that lack of trained personnel hampers efficiency. Purchasing can increase efficiency in procurement processes by availing on the job training. A clear program on training should be funded and a schedule for employee training is drawn and pinned at visible position for all employees to be ready for training and as a reminder to the organizers of the training on the requirements of the training sessions. All employees of the procurement should be encouraged to be members of professional bodies such as CIPS and KISM and should attend seminars offered by PPOA which regularly update members on global dynamics in the supply chain. Benchmarking other similar organizations is also a viable option to improved training practices. Employees in the purchasing department should be equipped all the interpersonal skills which include speaking, listening, writing and ability to courteously relate and negotiate with others.

5.3.4 Effects Of Communication Between Procurement And User Departments On Inventory /Materials Control

For efficiency to improve in the purchasing department there should be constant information sharing between departments and the procurement department in any entity should ensure improved communication between procurement and user departments on materials management. This can be done through the sensitization on the work place on the use of inventory control tools like Goods received notes ,delivery notes ,stock cards , ERP, MRP ,among other information technology enabled tools which happen to be channels of communication. These tools should be viewed strategically and not as support tools.

Integration of inter- departmental tasks with information technology can help to speed up decision making process between the procurement and user departments through shared information. This eases communication process and creates a favorable environment for the application of Information technology systems like Enterprise Resource Planning (ERP) and Electronic Data Interchange (EDI). Orders, processes, deliveries, receipts and matching of invoices and orders if done in an ERP system, eliminates delays which will improve procurement operations. Electronic surveillance equipment like CCTV's and vehicle tracking devices, which are all communication channels should be utilized to prevent pilfering and theft during transportation from stores to user departments. The procurement personnel should provide reasonable and timely explanations to user departments should delivery delay so that production is rescheduled. JIT strategies which are known to cut the total cost of ownership and also heavily rely on communication should be utilized.

5.4 Suggestions for Further Research

The study covered four internal communication factors affecting the efficiency of the procurement department in public entities in Kenya with emphasis on Kenya Seed Company. The study recommends the study of other factors affecting efficiency in the procurement department not covered in this study. A similar study should also be replicated on other public entities to gauge the similarity or otherwise of the findings. The contribution of particular channels of communication to efficiency in the procurement department should also be studied.

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