

**EFFECT OF SUPPLY CHAIN MANAGEMENT PRACTICES ON THE PERFORMANCE OF
PROCUREMENT FUNCTION IN HOSPITALS IN KENYA: ASURVEY OF HOSPITALS IN
KISII COUNTY**

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Abstract

In the modern era the ability to make and to manage the relationship among the supply chain management is typical organizations assets. Some of the capabilities such as the relationship with the limited number of supplier and long-term relations not only the purchasing plays a vital role in the development of the organization but the other factors also involve in that. The general objective of this study was to establish the effect of supply chain management practices on the performance of procurement functions in Hospitals in Kisii County. The study was guided by the following objectives; to establish the effects of customer orientation, to determine the effects of supplier partnership and to find out the effects of information sharing on performance of Hospitals in Kisii County. The study adopted a survey design. The target population of the study was 600 employees working in the hospitals. The sample size was 60 respondents. This study used questionnaires to collect primary data. The data to be collected was analyzed using descriptive statistical tools like percentage, frequencies, standard deviation and mean weights. The relationship of the variables in this study was established using inferential statistical tools like the regression analysis. The study found out that Customer orientation enhances supplier development hence procurement performance of Kisii County hospitals, similarly the study shows that customer orientation enhances internal and external coordination, improves business knowledge and it also enhances market penetration. The study further concludes that supplier partnership leads to quality of delivery of goods in the hospital, on the other hand; the study found out that supplier partnership enhances better working relationship between suppliers and the organization, improves corporate image hence supplier chain performance of the hospitals in Kisii County and it enhances procurement performance. On the other hand, faster service delivery is one of the effects of information sharing practices on performance of Hospitals in Kisii County. This study recommends that there is need to invest in various supplier chain practices. This should be done in a manner in

which all the stakeholders are happy. The County needs to pay closer attention to customer orientation, supplier partnership and information sharing. The role of supplier development in improvement of procurement performance cannot be denied. Some of the benefits accrued from supplier development is the availability of real time information which has helped in improving procurement performance by providing real time information and reducing lead time.

Keywords: Supply chain management, procurement functions, customer orientation, supplier partnership, information sharing

I. INTRODUCTION

1.1 Background of the Study

In early 1990 as the competition got intensity due to the global markets to deliver a product or service at a right place and at the right time. Due globalization now organizations are realizing that to be competitive in global and local market they should have to do the work to get better efficiencies inside the organization to improve the entire supply chain also more effective and efficient than your competitor. Childhouse and Towill, (2003) a scholar from Havard University did a study on the objective of supply chain management, he says that it is to combine the flow of information to better utilize supply chain as a productive weapon for staying competitive. Now many of the organizations have started recognizing SCM is an important key for build sustainable competitive edge for their products & services in global market with crowded customer.

Jones, (1998) an American research supported him by stating that practice and implementation of strategic supplier corporation has great impact on product quality also organizations performance. The relationship with supplier is important in term of what type of material organizations required at what cost to improve their firm performance. This study checks the relationship of strategic supplier in supply chain to improve product quality and performance of Pakistani industries. To cheeks this relationship different methodology is used like Pearson correlation cluster analysis.

Ellram (1995), a Nigerian scholar noted that if all suppliers were perfectly dependable, if machines never broke and if demand could be forecasted with perfect accuracy inventory needs would diminish. The organizations have to understand the concepts and the practices of SC management for the intention of achieving competitiveness and for increasing profits

In Kenya, due to the health sector consuming a large proportion of the scarce resources, the Public procurement and Asset Disposal (PPDA) act 2015. 2012 in this public procurement and Disposal manual of November 2012 and public procurement and Asset Disposal (PPDA) of march 2009 under (chapter 11.7) has stipulated the administration of inventory management of

stores, under this chapter the manual states that all stores must be recorded in the store ledger indicating the item description, quantity and name of the person making the requisition, receipt and issues to be recorded in the ledger on the day of issue and receipt and has to be closed and balanced yearly during a survey or handing over. A considerable amount of the rare resources are utilized in the procurement of medicine and drugs at public health facilities so as to deliver goods and services vital for customers.

Hamisi (2010), a local research from Kenya says that timely and accurate information enhancing coordination which is internally aligns demand patterns, orders, inventory levels and price. Currently proper and accurate information sharing, flow reduces inventory costs. These are costs of holding goods in stock which are usually expressed in a percentage of the inventory value. It includes capital, warehousing, depreciation, insurance and shrinkage. Inventory management is linked to costs tied to procurement which constitute ordering costs, holding costs together with shortage costs. He on the other hand investigated the effects of supplier-customer integration on organization performance among many others. These studies are representative of efforts to address the diverse but interesting aspects of SCM practices.

A study by Kenya National Bureau of Statistics conducted in 2012 revealed that for every 100,000 people in Kenya, there are 19 Doctors, 2 dentists, 8 pharmacists, 3 Bachelor of Science nurses and 83 a total of registered nurses. Most of these health care personnel are based in major cities, mainly Nairobi and Mombasa with virtually no staff in the remote areas. (Kenya Facts & figures 2012) In Kenya, there are three major categories of hospitals i.e. category A, B and C as per the NHIF classification where category A are the government hospitals, category B are the private and mission hospitals while category C are the private hospitals. Besides NHIF further classifies these hospitals into those that provide inpatient and outpatient services to patients. There are 53 private hospitals within Nairobi, as per the classification by NHIF. This study was based on all private hospitals which provide both inpatient and outpatient services. The private sector contributes more than 40% of health services in the country, which is a significant proportion, providing mainly curative health services (Kenya Facts & figures 2012).

Public hospitals are run and managed by government employees. The cost of health care services is usually cheaper in Public hospitals than private hospitals (Researcher, 2016) there are eleven Public Hospitals according to Master Facility List for Kisii County. One of these is County Referral Hospital while the remaining ten are Sub County Hospitals.

1.2 Statement of the Problem

Previous studies indicate a deteriorating trend in supply chain management practices on organizations which greatly affects the operational performance in the health sector. This has

inevitably led to huge wastage of financial and other resources. Some reasons cited for this poor state of affairs are inappropriate feasibility analysis of turbulences in the supply chain, poor material management and inadequate information when carrying out procurement process. There is scanty literature on the relationship between management strategies and operational performance of health institutions. Further, the stocking levels in health hospitals in most counties in Kenya are inadequately addressed in relation to the law of storage facilities, cost incurred and provision of customer's service levels. It is unclear how this inadequacy can be linked to supply chain management of the various inventories in hospitals for efficient and effective service delivery. However there exist inadequate link of integrated framework incorporating all the activities both upstream and downstream sides of the supply chain and linking such activities to both competitive management strategy and organization performance. This study sought to assess the effects of supply chain management practices on performance of procurement functions in Hospitals in Kisii County, Kenya.

1.3 Objectives of the Study

1.3.1 General Objective

The general objective of this study was to examine the effect of supply chain management practices on performance of procurement functions in Hospitals in Kisii County-Kenya.

1.3.2 Specific Objectives

The study was guided by the following specific objectives;

- To establish the effect of customer orientation on performance of procurement function in Hospitals in Kisii County.
- To determine the effect of supplier partnership on performance of procurement function in Hospitals in Kisii County.
- To find out the effect of information sharing on performance of procurement function in Hospitals in Kisii County

II. LITERATURE REVIEW

2.1 Theoretical Literature Review

2.1.1 Resource Based Theory

Resource Dependence Theory (RDT) promoted by Pfeffer and Salancik (1978), is the study of how the external resources of organizations affects the performance of the organization. The procurement of resources sourced externally is important for both strategic and tactical management. Implications in the procurement efficiency of the buying firms especially in tapping into the connection with suppliers as their important and dependable associates. Thus this theory props up the concept of supplier development RBT proposes that actors lacking in crucial resources will seek to create relationships with (i.e., be dependent upon) others in order

to acquire required resources. Just like sellers on buyers for precious markets and buyer will depend on suppliers for external resources. Within this viewpoint, organizations are viewed as coalitions alerting their structure and patterns of behavior to acquire and maintain required external resources. Acquiring the external resources required by an organization comes by diminishing the organization's reliance on others or by increasing other's reliance on it, that is, modifying an organization's influence with other organizations.

2.1.2 Theory of Constraints

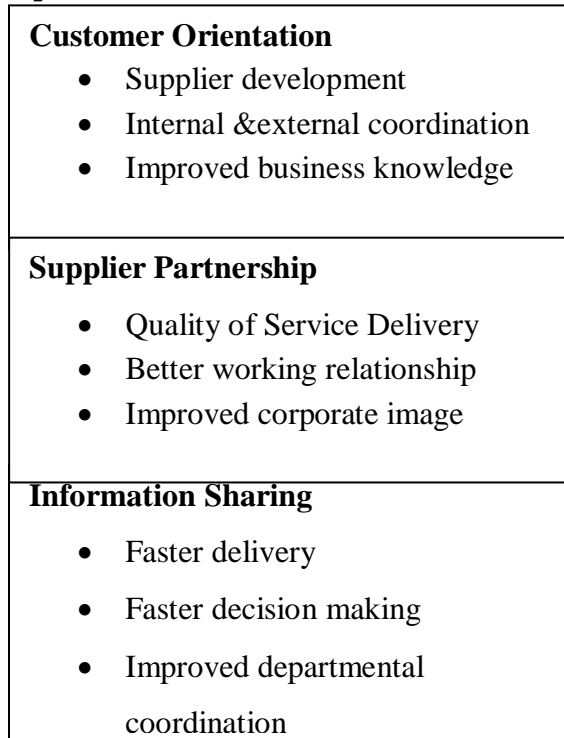
The theory of constraints (TOC) is an overall management philosophy introduced by Eliyahu Goldratt in his 1984 book titled Goal, which is geared to help organizations continually achieve their goals. Goldratt adapted the concept to project management with his book Critical Chain, published in 1997. The theory of constraints (TOC) creates a paradigm in management that assumes that businesses run better without constraints. However, since one cannot run away from constraints, it is incumbent upon a business to identify the constraint and deal with it. This means that processes, organizations, etc., are vulnerable because the weakest person or part can always damage or break them or at least adversely affect the outcome. The fundamental principle of the theory of constraints is that administrations can be looked at by considering variations on three issues: throughput, working expense, together with inventory. The solution for supply chains is to create flow of supplies so as to ensure greater availability and to eliminate wastes such as surpluses which have a negative impact on organizational performance. Because a chain is as strong as the weakest link, TOC can be used to identify the weaknesses in a supply chain and therefore get the solutions for the same. Relationship management and particularly supplier relationship is a vital element in completing the supply chain. It is therefore important to ensure that relationships are managed well, such that there is no weak link within the supply chain as a result of poor relationships.

2.1.3 Commitment Trust Theory

The commitment trust theory is premised on two important elements; trust coupled with commitment. Christopher (2004) in espousing the theory noted that this theory is important in relationship marketing. Handfield (2002) on his part highlighted that apart from attempting to acquire profits, businesses also engage in some form of relationship with suppliers and other players. Heikkila (2002) described trust as forged confidence between parties as regards one party not engaging in acts that are harmful or disastrous. Martin (2003) noted that a consequence of a commitment-based relationship is cooperation between parties which would then lend itself to better organizational returns.

2.2 Conceptual Framework

Independent Variables



Dependent Variable

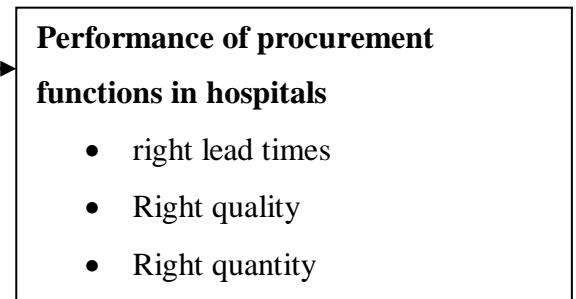


Fig. 2.1 Conceptual Framework

2.3 Empirical Literature Review

Chong and Ooi, (2008) point that procurement practices is concerned with working with external groups namely; customers and suppliers and a strategic partnership between the supply chain partners will be required. The choice of supplier, how businesses are effectively integrated to obtaining proper complementary skills will form an important practice for any business unit.

Narasimhan and Jayaram, (2008) found that customer orientation initiatives improve supply chain performance and through examining the type of sourcing decisions, strategic sourcing decisions were found to be strongly related to manufacturing goal achievement in a study of 215 North American manufacturers. In addition, the construct strategic supplier partnership is an integral element to the second order construct of supply chain management (Li et al., 2006). The defining elements of strategic sourcing have been identified to be: the status of supply management within the organizational hierarchy, internal coordination of supply management

with other functions in a firm, active information sharing with suppliers, and comprehensive supplier development activities.

The choice of suppliers and how businesses are effectively integrated to obtaining proper complementary skills are important issues. Strategic sourcing consists of strategic outsourcing and supplier capability analysis. In addition, the construct supplier partnership is an integral element to the second order construct of SCM (Li et al., 2006). The defining elements of strategic sourcing have been identified to be: the status of supply management within the organizational hierarchy, internal coordination of supply management with other functions in affirm, active information sharing with suppliers, and comprehensive supplier development activities (Kocabasoglu and Suresh, 2006).

Within the supply chain management setting, supplier corporation has also been found to impact knowledge creation and distribution among suppliers and stores (Dewsnap and Hart, 2004). Better relationships between retailers and their suppliers also improve prospects of new product acceptance (Kaufman, 2002).

Information sharing refers to the extent to which non-public information is communicated along the supply chain. A number of studies have examined the value of information sharing along the supply chain. Basically, these researchers have endeavored to enumerate the profit of sharing information using simulation methods. Integrating promotional information among retailers is especially important. Promotional activity can create disruptions in the supply chain. A retail-level promotion may artificially increase demand for a temporary period. Without shared information on the promotion, the manufacturer may be unprepared.

III. RESEARCH METHODOLOGY

3.1 Research Design

The study adopted a survey research study design. This design involves in-depth collection of data and analysis in order to describe the characteristics of a given population to enable generalization of information of many units of analysis. It is a method used to narrow down a very broad field of research into easily researchable topic Kothari, (2006).

3.2 Target Population

The target population of the study was 600 employees who are working in the 8 Hospitals in Kisii County (Kisii County, MOH office, 2017). According to Mugenda and Mugenda (1999) a population comprises the total number of cases or items featured in the study.

Table 1 Target Population

Category	Population	Sample Size
Kisii Level Six Hospital	120	12
Hema Hospital	75	8
Getembe Hospital	90	9
Ram Hospital	95	10
Oresi Health Center	45	5
Nyangena Hospital	60	6
Chrsitamariane Mission Hospital	75	8
Getare Dispensary	35	5
TOTAL	600	60

3.3 Sample Size and Sampling Techniques

This section highlighted the sample size determination and the sampling procedure to be adopted in this study. The sample size was 60 respondents who are employees from all the hospitals. This represents 10% of the target population. Mugenda and Mugenda (2003) confirms that at least 10% of the target population is enough and representatives of the target population, therefore this study's sample size is enough and representative. The respondents in this study were selected using stratified random sampling technique due to stratification of employees into administrative and medical staff.

3.4 Data collection Instruments

This study used questionnaires to collect primary data. Questionnaires are the most appropriate as it permits a greater response from the respondent without bias.

3.5 Data Analysis and Presentations Model

The data to be collected was analyzed using descriptive statistical tools like percentages, frequencies, standard deviation and mean weights. The relationship of the variables in this study will be established using inferential statistical tools like the regression analysis. The model below will be used in this study

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Where

Y= Performance of procurement function

X₁= Customer Orientation

X₂=Suppliers Partnership

X₃=Information Sharing

$\beta_0 \beta_1 \beta_2 \beta_3$ = regression equation coefficients

e= error term of the regression equation parameters

The variables were operationalized and assigned weights or Likert scale factors that enabled the researcher to establish the relationship of the variables and related description of this relationship among the variables in this study

IV. RESULTS AND DISCUSSION

4.1 Response Rate

Out of 60 pieces of questionnaires which were issued 60 of them got responded to thus having a 100% response rate.

4.2 Effects of Customer Orientation on Performance of Procurement Function in Hospitals

The researcher sought to find the effects of customer orientation on performance of Hospitals in Kisii County. Table 2 shows the results.

Table 2 Effects of Customer Orientation on Performance of Procurement Function in Hospitals

Effects of Customer Orientation on Performance of Hospitals	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Total
Enhances Supplier development	F 32	20	5	2	1	60
	% 54	33	8	3	2	100

Enhances internal and external coordination	F	25	30	4	0	1	60
	%	42	50	7	0	2	100
Improves business knowledge	F	15	37	4	3	1	60
	%	25	62	7	5	2	100
Enhances market penetration	F	32	19	7	1	1	60
	%	54	32	12	2	2	100

The study found out that customer orientation enhances supplier development hence procurement performance of Kisii County hospitals, 54% total number of the respondents strongly agreed to this, 33% just agreed, 8% of the respondents were undecided, 3% disagreed while 2% total number of the respondents strongly disagreed to this point. The study shows that customer orientation enhances internal and external coordination which results to supply chain performance, 42% total number of the respondents strongly agreed to this, 50% just agreed, 7% of the respondents were undecided, 0% disagreed while 2% total number of the respondents strongly disagreed to this point. The study established that customer orientation improves business knowledge, 25% total number of the respondents strongly agreed to this, 62% just agreed, 7% of the respondents were undecided, 5% disagreed while 2% total number of the respondents strongly disagreed to this point. The study revealed that customer orientation enhances market penetration hence supply chain performance, 54% total number of the respondents strongly agreed to this, 32% just agreed, 12% of the respondents were undecided, 2% disagreed while 2% total number of the respondents strongly disagreed to this point.

The above finding from the study indicates that the majority of the respondents 80% supports that customer orientation has an impact on the performance of Kisii County Hospitals. Kaufman, (2002) affirms that since suppliers and retailers have knowledge in different domains, the customer orientation can create unique knowledge that can be applied to improve business knowledge. Better relationships between retailers and their suppliers also improve prospects of new product acceptance.

4.3 Effects of Supplier Partnership on Performance of Procurement Function in Hospitals

The researcher sought to find the effects of supplier partnership practices on performance of Hospitals in Kisii County. Table 3 shows the results.

Table 3 Effects of Supplier Partnership on Performance of Procurement Function in Hospitals

Effects of Supplier Partnership on Performance of Hospitals		Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Total
leads to quality of delivery	F	30	22	4	3	1	60
	%	50	37	7	5	2	100
Better working relationship	F	20	34	4	1	1	60
	%	33	57	7	2	2	100
Improved corporate image	F	17	37	3	3	2	60
	%	28	62	5	5	3	100
Enhances procurement performance	F	33	18	6	1	2	60
	%	55	30	10	2	3	100

The results from the field shows that supplier partnership leads to quality of delivery of goods in the hospital, 50% total number of the respondents strongly agreed, 37% just agreed, 7% were undecided, 5% disagreed while 2% total number of the respondents strongly disagreed to this point. The study found out that supplier partnership enhances better working relationship between suppliers and the organization, 33% total number of the respondents strongly agreed, 57% just agreed, 7% were undecided, 2% disagreed while 2% total number of the respondents strongly disagreed to this point. The study established that supplier partnership there is improved corporate image hence supplier chain performance of the hospitals in Kisii County, 28% total number of the respondents strongly agreed, 62% just agreed, 5% were undecided, 5% disagreed while 3% total number of the respondents strongly disagreed to this point.

The study found out that supplier partnership enhances procurement performance in the hospital, 55% total number of the respondents strongly agreed, 30% just agreed, 10% were

undecided, 2% disagreed while 3% total number of the respondents strongly disagreed to this point.

The study shows that the majority of the respondents 89% involved in the supports that supplier partnership has a positive effect to the performance of Kisii County hospital. (Dewsnap and Hart, 2004) says that in the supply chain management context, supplier partnership has also been found to influence knowledge creation and sharing among suppliers and retailers.

4.4 Effects of Information Sharing on Performance of Procurement Function in Hospitals

The researcher sought to find the effects of information sharing practices on performance of Hospitals in Kisii County. Table 4 shows the results.

Table 4 Effects of Information Sharing on Performance of Procurement Function in Hospitals

Effects of Information Sharing on Performance of Hospitals		Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Total
Enhances faster service delivery	F	31	21	5	1	2	60
	%	52	35	8	2	3	100
Enhances faster decision making	F	21	29	9	0	1	60
	%	35	48	15	0	2	100
Improves departmental coordination	F	17	37	3	3	2	60
	%	28	62	5	5	3	100

The study found out that faster service delivery is one of the effects of information sharing practices on performance of Hospitals in Kisii County, 52% total number of the respondents strongly agreed to this fact 35% just agreed, 8% were undecided, 2% disagreed while 3% total number of the respondents strongly disagreed to point. The study established that faster decision making is also one of the effects of information sharing practices on performance, 35% total number of the respondents strongly agreed to this fact 48% just agreed, 15% were undecided, 0% disagreed while 2% total number of the respondents strongly disagreed. The study revealed that departmental coordination is on the other hand one of the effects of information sharing practices on performance, 28% total number of the respondents strongly agreed to this fact 62% just agreed, 5% were undecided, 5% disagreed while 3% total number of

the respondents strongly disagreed. The study revealed that information sharing is very useful on performance of the supply chain management of a hospital. Sharing information upwards is an important element for retailers and suppliers and using technology also helps (Smarosetal., 2003). The scope of information shared is related to the nature of the business relationship.

4.5 Procurement Functions in Your Organization

The researcher sought to find the influence of procurement functions in your organization. Table 5 shows the results.

Table 5 Influence of Procurement Functions in Your Organization

Influence of Procurement Functions in Your Organization		Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Total
Right lead times	F	25	30	4	0	1	60
	%	42	50	7	0	2	100
Right quality	F	15	37	4	3	1	60
	%	25	62	7	5	2	100
Right quantity	F	32	19	7	1	1	60
	%	54	32	12	2	2	100

The study established that the right lead times is influenced by the procurement functions in the hospitals in Kisii County, 42% total number of the respondents strongly agreed to this, 50% just agreed, 7% were undecided, 0% disagreed while 2% total number of the respondents who participated in the study strongly disagreed. The study revealed that right quality is also influenced by the procurement functions in the hospitals, 25% total number of the respondents strongly agreed to this, 62% just agreed, 7% were undecided, 2% disagreed while 2% total number of the respondents who participated in the study strongly disagreed. The study revealed that right quantity is on the other hand influenced by the procurement functions in the hospitals, 54% total number of the respondents strongly agreed to this, 32% just agreed, 12% were undecided, 2% disagreed while 2% total number of the respondents who participated in the study strongly disagreed.

4.6 Discussion of the Research Findings

The finding from the study indicates that the majority of the respondents supports that customer orientation has an impact on the performance of Kisii County Hospitals. Kaufman, (2002) asserts that considering suppliers and retailers possess knowledge across diverse disciplines, orientation of customers can create better knowledge to engage in supply chain management. Narasimhan and Jayaram, (2008) in their study found out that customer orientation initiative improves supply chain performance and through examining the type of sourcing decisions, strategic sourcing decisions were found to be strongly related to manufacturing goal achievement in a study of 215 North American manufacturers. In addition, the construct strategic customer relationship is an integral element to the second order construct of supply chain management

The study shows that the majority of the respondents involved in the supports that supplier partnership has a positive effect to the performance of Kisii County hospital. (Dewsnap and Hart, 2004) says that in the supply chain management context, supplier partnership has also been found to influence knowledge creation and sharing among suppliers and retailers. Woods, (2001), found out that partnering carries the potential for meaningful benefits to be gained for the organization. It is designed to leverage the strategic and operational capabilities of individual participating organizations to help them achieve significant ongoing benefits a strategic partnership emphasizes direct, long-term association and encourages mutual planning and problem solving efforts. The study revealed that information sharing is very useful on performance of the supply chain management of a hospital. Sharing information upstream early in a selling season better positions the manufacturer to support the retailer while avoiding costly stocking errors.

Regression Analysis

The research study uses multiple regression analysis in order to analyze impact of independent variables on dependent variable. The multiple regression models are as under:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon \dots \dots \dots (1)$$

Where Y is Performance of procurement functions (dependent variable)

α is constant.

X is other effects of supply chain management practices

β is the regression coefficient which may be positively or negatively affecting dependent and independent variables.

$$EP = \alpha + \beta_1 Co + \beta_2 SP + \beta_3 IS + \beta_4 R\&R + \epsilon \dots \dots \dots (2)$$

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Where PPF = Performance of procurement functions (Dependent Variable) β_1 CO = Customer Orientation(I.V) β_2 SP= Supplier Partnership(I.V), β_3 IS= Information Sharing (I.V).

Table 6 Model summary of Performance of procurement functions, Customer Orientation, Supplier Partnership, Information Sharing

Model	Sum of Squares	Df	ANOVA ^b		
			Mean Square	F	Sig.
1 Regression	257.950	4	64.488	120.135	.000^a
Residual	104.670	195	.537		
Total	362.620	199			

Predictors: (Constant), Customer Orientation, Supplier Partnership, Information Sharing

Dependent Variable: Performance of procurement functions

The F value is 120.140 and is significant because the significance level is = .000 which is less than $P \leq 0.05$. This implies that over all regression model is statistically significant, valid and fit. The valid regression model implies that all independent variables are explaining that there is a positive and significant relationship with dependent variable.

Table 7 Model Summary

Model	R	R Square	Adjusted R square	std. Error of the Estimate
1	.843 ^a	.711	.705	.73264

Predictors: (Constant), Customer Orientation, Supplier Partnership, Information Sharing

Regression coefficient „R“ = .843 or 84.3% relationship exist between (I.V“s) and (D.V).

The coefficient of determination „R²“ = 0.711 which show that 71.1% of variation in Performance of procurement functions is explained by customer orientation, supplier partnership, information sharing.

Table 8 Tablesummaryofcoefficientofcustomer orientation, supplier partnership, information sharingand Performance of procurement functions
Coefficient

Model	Unstandardized coefficient		Standardized coefficient	t	sig.
	B	Std Error	Beta		
1 (Constant)	-.162	.301		-.877	.387
Customer orientation	.615	.059	.630	11.494	.000
Supplier partnership	.174	.049	.156	4.568	.000
Information sharing	.149	.048	.133	4.095	.001

a. Dependent Variable: *Performance of procurement functions*

In the above table the regression coefficient for customer orientation on the procurement functions (β_1) = .630 which implies that one percent increase in customer orientation increases 62.0 percent in performance of procurement functions level if other variables are kept controlled. The T value is 11.494 which is significant at .000 because significance level is less than $P \leq .05$. It implies that the alternate hypothesis should be accepted that is: Customer orientation has significant positive on performance of procurement. The regression coefficient (β_2) = .156 or 15.2 % which implies that one percent increase in supplier partnership brings on the average 15.2% increase in performance of procurement functions level if other variables are kept controlled. The T value is 3.568 which is significant at .000 level which is less than the $P \leq .05$. It implies that the alternate hypothesis should be accepted that is: supplier partnership has positive significant effect on performance of procurement functions in hospitals. The regression coefficient for information sharing on performance of procurement functions hospitals (β_3) = .133 or 13.1 % which means that once percent increase in information sharing increase 13.1% on performance of procurement functions if other variables are kept constant. The T value is 3.095 which is significant at .002. Therefore the study accepted the alternative hypothesis that is information sharing has significant positive effect on performance of procurement functions in hospitals. The T value is 1.941 which is significant at .05 level.

V. CONCLUSIONS AND RECOMMENDATIONS

Customer orientation enhances supplier development hence procurement performance of Kisii County hospitals, similarly the study shows that customer orientation enhances internal and external coordination, improves business knowledge and it also enhances market penetration.

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The study further concludes that supplier partnership leads to quality of delivery of goods in the hospital, on the other hand; the study found out that supplier partnership enhances better working relationship between suppliers and the organization, improves corporate image hence supplier chain performance of the hospitals in Kisii County and it enhances procurement performance. On the other hand faster service delivery is one of the effects of information sharing practices on performance of Hospitals in Kisii County, on a similar case; the study established that faster decision making and departmental coordination are also other effects of information sharing on performance of hospitals within the county. The results show that information sharing is very useful on performance of the supply chain management of a hospital. Sharing information upstream early in a selling season better positions the manufacturer to support the retailer while avoiding costly stocking errors. In practice, point-of-sale technologies and sharing through technologies such as VMI are incomplete, and must be supplemented with analysis of actual order patterns. The scope of information shared is related to the nature of the business relationship.

This study recommends that there is need to invest in various supplier partnership. This should be done in a manner in which all the stakeholders are happy. The County needs to pay closer attention to customer orientation, supplier partnership and information sharing. The role of supplier development in improvement of procurement performance cannot be denied. Some of the benefits accrued from supplier development is the availability of real time information which has helped in improving procurement performance by providing real time information and reducing lead time.

The customer orientation is one is that should be considered. This implies that establishing companies with reputation to guard against briefcase companies which lead to non-delivery or non-performance. It also informs the County of the risks involved for instance in case of suppliers with great geographical distances thus reduce transportation risks and improve lead times. The study recommends that organizations should adopt information sharing idea since sharing promotional information between retailers and manufacturers can be particularly useful. Promotional activity can create disruptions in the supply chain. A retail-level promotion may artificially increase demand for a temporary period. Without shared information on the promotion, the manufacturer may be unprepared.

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