

INFLUENCE OF SUPPLIER SELECTION CRITERIA ON PROCUREMENT
PERFORMANCE OF PARASTATALS IN MOMBASA COUNTY

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DECLARATION

This thesis is my original work and has not been presented for award of a degree in any other university.

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DEDICATION

I dedicate this thesis to my father, Raymond Maghanga and lovely Mother, Elpinah Saru. I thank them for their inspiration, encouragement, understanding and prayers towards successful completion of this project; I pay tribute and gratitude to the Almighty God who has given me wisdom, courage and strength to undertake this thesis.

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ACRONYMS AND ABBREVIATIONS

ANOVA	Analysis of Variance
BSC	Balanced Score Card
GDP	Gross Domestic Product
ICT	Information Communication Technology
ISO	International Organization for Standardization
KCB	Kenya Commercial Bank
KPA	Kenya Ports Authority
KeNHA	Kenya National Highways Authority
KPLC	Kenya Power and Lighting Company
NACOSTI	National Commission for Science, Technology and Innovation
PPADA	Public Procurement and Asset Disposal Act, 2015
RDT	Resource Dependency Theory
RFID	Radio Frequency Identification
SPSS	Statistical Package for Social Sciences
SMEs	Small and Medium Enterprises
TCO	Total Cost of Ownership
TCT	Transaction Cost Theory
TQM	Total Quality Management
VIF	Variance Inflation Factor

DEFINITION OF TERMS

Procurement Performance:	The evaluation and measurement of the effectiveness of Parastatals in acquiring goods and services through their procurement processes. (Ngatia, 2019).
Supplier cost:	The total financial expenditure incurred by Parastatals when engaging suppliers to provide goods or services, considering not only the initial purchase price but also additional costs such as transportation, storage, and any other expenses related to the procurement process (Edvardson, 2018).
Supplier Quality:	The consistent ability of external suppliers selected by Parastatals to deliver goods and services that meet or surpass the expectations and requirements of these organizations (Peppard, 2019).
Supplier Reliability:	The consistent ability of external suppliers selected by Parastatals to deliver goods and services that meet or surpass the expectations and requirements of these organizations (Bryd & Turner, 2019).
Supplier Responsiveness:	The ability of suppliers selected by Parastatals to promptly and effectively respond to the specific needs, requests, and changing requirements of these organizations (Byrd & Turner, 2019).

ABSTRACT

This research aimed to explore the influence of supplier selection criteria on procurement performance of parastatals in Mombasa County. The study was guided by the following specific objectives; To determine the influence of Supplier Responsiveness, Supplier Reliability, Supplier Quality and Supplier Cost on procurement performance of parastatals in Mombasa County. The study draws from several established theories in procurement, including Supplier Selection Decision Theory, Resource Dependency Theory, Transaction Cost Theory, and Means-End Theory. Targeting a group of 308 individuals employed in parastatals in Mombasa County, 174 valid responses were collected, adhering to Yamane allocation sample equations to determine the sample size. Data collection involved the distribution of questionnaires, followed by rigorous editing to ensure accuracy and consistency. Descriptive statistics were employed for analysis, supported by multiple regression analysis to assess the influence of supplier selection criteria on procurement performance. The diagnostic tests conducted in this study aimed to assess several key assumptions underlying regression analysis. Autocorrelation was evaluated using the Durbin-Watson test, which indicated presence of independence of errors. Multicollinearity was examined using variance inflation factor and no multicollinearity issues were present. Normality was assessed visually using P-P plots confirming the normal distribution of residuals. Linearity was confirmed through scatter plots and ANOVA analysis, demonstrating linear relationships between independent and dependent variables. Homoscedasticity was verified by examining the plot of studentized residuals against unstandardized predicted values, showing no evidence of heteroscedasticity. These diagnostic tests validate the reliability of regression analysis results and support the influence of supplier selection criteria on procurement performance. The study achieved a response rate of 116 which is 66.7% which is dimmed excellent. The study identified strong positive associations between procurement performance and four key supplier-related variables: responsiveness, reliability, quality, and cost. Supplier responsiveness and reliability were consistently viewed as crucial, with minimal variance in respondent opinions, emphasizing their role in ensuring efficient and effective procurement processes. Supplier quality also positively influenced procurement performance. Supplier cost was similarly linked to improved procurement outcomes, but with a broader range of opinions, suggesting the need for a balanced approach that considers cost alongside other critical factors like quality and reliability. Additionally, the research suggests potential future investigations, including exploring alternative supplier selection criteria's influence on organizational performance across different contexts.