

**THE ROLE OF STRATEGIC PROCUREMENT APPROACHES IN INTERNAL
SUPPLY PERFORMANCE: A CASE STUDY OF KENYA VEHICLE
MANUFACTURERS LIMITED IN KENYA**

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ABSTRACT

Strategic procurement is the development of a true partnership between a buying company and a supplier of strategic value, based on embracing long-term plans for ensuring timely supply of goods/services that are critical to firm's ability to meet its core business. This study was primarily based on finding out the role of strategic procurement approaches in internal supply performance of Kenya Vehicle Manufacturers limited. The overriding philosophy which agitated the researcher to pick this particular organization for the study was because the company in question (KVM) invariably purchases high volume of goods and services both locally and internationally an attribute that gave the researchers a broad perspective of examining the degree of strategic procurement approaches in the company. Over the years, the procurement function has remained passive in regard to the acquisition of high value goods and services an attribute that cause long lead times and also high costs of purchased goods. This perennial problem has precipitated a decline of procurement/supply performance of enormous companies. The study sought to obtain more literature pertaining issues on strategic procurement and the researcher came up with conceptual framework based on how different variables affect the internal supply performance. In gathering out the data the researchers used descriptive research method. This involved use of simple and easily understandable questions. An analysis of data obtained from the company's Procurement and Supply reports enabled settle a conclusion that: (1) There have been numerous strides made towards provision of procurement approaches in KVM; (2) There are a couple of challenges which hamper full implementation of these attributes. The noticeable challenges include; Lack of clear communication; Lack of full support by suppliers; inadequate technical support; Lack of proper policies and also less training forums.

Key Words: *Mass customization, Purchasing, Procurement, Supplier Appraisal*

Introduction

As procurement becomes more critical and actively being involved in the mainstream affairs of enormous companies across the globe, this attribute calls for strategic ways and means to perfect the holistic function. Cost efficiency and better productivity has always been a major issue in procurement but in the hype of today's ever increasing competition in the market, strategic procurement has become an indispensable area which invariably bring forth some semblance of efficiency in various companies. It is imperative to note that strategic procurement approaches in the contemporary business environment are susceptible to world class business options which are embraced by the successful companies in the market (Sanjay, 2000).

Changes in business environment have been happening since a long time in micro and macro steps, but the changes have gathered speed and keeping pace with them is a challenge. The turbulent markets of the twenty-first century has created fragmented demand of goods and services, product life-cycle have become uncertain and mass customization has been prioritized by both public and private companies to delight the prospective customers. This paradigm shift of doing business to a great extent has changed the way in which companies purchase goods and services. Dealing with business complexities has made the buyers to think strategically. The basic premise of this principle is that strategic procurement approaches provides the right direction in understanding the amount of effort to be applied to fill the performance gap, compared to competitors (Lysons, 2006).

It is worthwhile to note that procurement is a function of myriad variables both internally and externally and therefore procurement personnel invariably puts in place integrated, cohesive, well-harnessed and conceptualized systems which add value to their respective businesses an attribute which is conspicuous with strategic procurement tactics. In line with these unprecedented buying mechanism, procurement personnel primarily focuses on decisions regarding outsourcing, supplier network, relationship with suppliers, just-in-time procurement, information technology for instance use of electronic data interchange (EDI) and most importantly customer service (Howard, 2004).

It is important to note that changes in procurement are forcing procurement managers to adjust their thinking and play a role different from what they have done in the past. They must learn not to spend much time in managing day-to-day problems and contribute towards the company's vision. Buyers must understand that sustaining the leadership of their companies over an extended period has become a major challenge. With no long-term success assured, in global competition, survival becomes temporary, and only period of survival becomes very important. Companies that become complacent at any moment of time are likely to fall behind in no time and competitors from any part of the world will replace them. As decision makers, buyers must question whether they have the luxury of maintaining traditional habits, behaviour and practices

as they attempt to guide their present procurement strategy through the unfamiliar, uncertain turbulence going around them (Sanjay, 2000).

Today competitive pressure is not only to become a low-cost producer but how a company can become a lowest cost producer; create not only simple differentiating product features but how to build complex differentiating features difficult to emulate for competitors; how to delight both internal and external customers and still remain lean and improve quality; reduce lead times and deal with short product life cycles. Strategic thinking can make procurement managers aware of the following issues: Product to advise management to make or buy; Core skills to be guarded within the company and the one to be openly outsourced; Type of suppliers to deal with and capabilities to be nurtured; Type of procurement tasks to be prioritized and technologies to be acquired; What to be added to fill the gap between today's and tomorrow's performance requirements not only in terms of immediate cost reductions but cumulative cost savings which could be achieved in the long term (Herbert, 2005).

Strategic supplier partnership for competitive advantage is another important area which can make a company to intensify its market share in the business environment. World class companies have realized that most of the future opportunities can be obtained and threats neutralized if they work in partnership with suppliers and even with competitors. Building partnership with suppliers is becoming an explicit part of the procurement strategy for both public and private companies. Challenges like globalization, rapid product development, advances in production technologies, cost reduction; lean manufacturing and core-competence based on make or buy procurement strategies have led procurement personnel to think radically in a different way to deal with future procurement strategies (Burt, 2004).

Strategic partnership is the most valuable and difficult type of relationship. The partners have a broad understanding of each other's needs and visions and share important values. There is a high level of trust and mutuality, with open information sharing, gains sharing and concern for mutual well-being. Because the partnership shares so much, it is adaptable to change and transcend tactical difficulties. The strategic buyer-supplier partnership philosophy creates a working environment promoting team work, trust and quest for continuous improvement. It is customer-focused, vision-focused and service-providing philosophy in which relationship based on a perception of independent needs creates competitive advantage jointly (Lysons, 2000).

Partnering is an important attribute in strategic procurement and calls for a teamwork approach with a win-win attitude to achieve success. It is a long-term commitment between two or more organization for achieving specific business goals. In a such new relationship buyer and supplier jointly address customer needs and together seek the most cost-effective and competitive solution. It also allows the supplier to gain better understanding of buyers products, process and develops own understanding how best he can add value to buyers value chain so that both can remain in competitive race (Sanjay, 2000).

Problem statement

Strategic procurement approaches provides support to the overall strategic initiative directed towards achieving company's established vision. This means that procurement managers are duty bound to rise above their daily managerial actions and crises to gain a different perspective of internal and external environment causing change in the present working environment. To this extent therefore, this initiative leverage companies to establish long-term competitive advantage by putting in place resources appropriately particularly with regard to improvement in product quality, shortening product design time, improving end-customer satisfaction , reduction in final product delivery time, inventory reduction and most importantly development of suppliers The provision of independent procurement department therefore, is essential to the perfection of all the acquisition of goods and services for a company. This attribute gives the procurement personnel an opportunity to exercise their professional tactics in line with concepts of strategic procurement approaches (Sanjay, 2000).

Conversely, though many companies are striving hard to embrace the essence of involving procurement personnel in strategic procurement decisions, too often procurement staffs of all levels are not consulted from the outset in respect of strategic procurement approaches and are brought into the procurement process after key decisions have been made and implemented by the board of directors of the companies. To this extent therefore, the procurement function has remained passive in regard to the acquisition of high value goods and services an attribute that causes long lead times and also high costs of purchased goods. This perennial problem has precipitated a decline of procurement/supply performance of enormous companies (Sanjay, 2000). This study aimed at investigating this phenomenon and established the role of strategic procurement approaches in internal supply performance of Kenya Vehicle Manufacturers limited.

To achieve substantial information commensurate with the role of strategic procurement approaches, the study sought to ask questions such as: What are strategic procurement approaches embraced by the organization? What are the effects of strategic procurement implementation in the organization? What are the challenges faced by the company in provision of strategic procurement approaches and most importantly what recommendations can be made to improve the level of strategic procurement approaches in the company.

General objective

The general objective of this study was to establish the role of strategic procurement approaches in internal supply performance.

Specific objectives

1. To review strategic procurement approaches embraced by the organization.
2. To assess the effects of strategic procurement implementation in the organization.
3. To identify challenges faced by the company in provision of strategic procurement approaches.
4. To come up with recommendations for improving strategic procurement approaches in the company.

Literature Review

The role of procurement staff in strategic procurement

According to Sanjay (2000) procurement best practice dictates that skilled and appropriately trained procurement staff should be involved from the outset to: ensure they have the opportunity to become familiar with the market conditions in particular the latest technological solutions; identify the risks and develop risk management strategies; assist in defining specifications that at least detail the outputs required from the supplier and define the evaluation criteria and those to be used to monitor the suppliers performance throughout the contract period.

Procurement staff should be given the authority to influence all purchasing requirements especially those that are critical to operation of the contracting company. They should be encouraged to adopt a proactive and strategic approach to focus their expertise on high value and more strategically important procurements. It is therefore essential that contracting authorities plan adequately for such procurements and invite their procurement staff into their strategic planning at the earliest opportunity (Baily, 1998).

Sanjay (2000) also confirms that buying companies should have a comprehensive procurement strategy which includes; an analysis of the key goods and their costs which the organization needs to deliver its output. The contracting company must be able to provide sufficiently detailed management information to facilitate the analysis of the key goods, services and works purchased in order to deliver its outputs/objectives. Companies should also classify their expenditure consistently to facilitate information sharing both within and across departments in respect of the key goods and services bought and their costs. Such management information could be used to identify possible areas of collaboration and aggregation of spend in the purchase of common goods and services. If such management information is not available it is difficult for procurement staff to adopt a strategic approach and focus their expertise on higher value and more strategically important procurements.

Saleemi (2002) indicates that it is important to work closely with key suppliers. For large scale contracts running for several years there would be advantages in working more closely with key suppliers in terms of improved quality of the product or service provided and reduced costs for

mutual benefit. An assessment of the way in which goods and services are purchased should be put in place. Procurement through competition remains the best way of achieving and demonstrating best value for money. In selecting the most appropriate form of competition and their procurement strategy, the buying company needs to consider the following: the cost of procurement, number of potential suppliers and the nature of work. Also it is imperative to consider the performance of key suppliers and scope for price reductions and improvements in quality of service.

The procurement function should gather reliable data on supplier performance. If best value for money is to be achieved procurement staff should consider how best to assess the performance of suppliers of strategically important goods, services and works. This should not be an afterthought but built into the contractual requirements from the outset. It is important that purchasing staff help the company to identify potential opportunities to build effective partnerships with key suppliers of strategic requirements, whilst ensuring through competition that the price they pay is reasonable when compared to market rates. It is worthwhile to note that the specified quality standards are met or surpassed. Working closely with suppliers can drive costs down and improve the quality of complex, longer-term contracts for goods, services and works requirement (Baily, 1998).

According to Baily (1998) the scope to adopt innovative approaches to improve procurement while reliably managing associated risks should be prioritized. Companies should encourage their procurement staff to look for new and innovative approaches to improve procurement performance and should provide training and development in this area to build up expertise and ultimately to achieve best value for money on strategic procurements. Where possible, procurement staff should encourage suppliers to be innovative by being less prescriptive in specifications and learning more towards output and performance levels.

Procurement staff should also encourage the development of more effective and strategic relationships with suppliers. This requires a less adversarial approach by both parties, particularly in relation to strategically important supplies where joint approaches to achieve supply performance are necessary. Procurement risk should be assessed and managed and the procurement strategy adapted accordingly. All such risks should, however, be assessed in the light of company's obligations under its procurement regulations (Walker, 2003).

Burt (2004) adds that it is essential that skilled and appropriately trained procurement staffs are involved in procurement process from the outset. It is important to plan early so that contract specifications for strategically important goods and services are clear and unambiguous. Other benefits of planning early are that: the procurement contract can more easily be tailored to customer needs, the purchaser's bargaining power is increased, early consultation with suppliers can help ensure that the contract reflects latest technological breakthroughs and innovations, reliable risk management can be put in place especially for more complex procurements, more

time can be devoted to determining how the performance of suppliers of strategically important services will be assessed and built into contracts from the outset.

Procurement staffs are also duty bound to seek continuous improvement. This is achieved through building quality aspects into contracts. There is scope for making greater use of incentives, either to reward good performance or to discourage poor performance in procurement contracts particularly where a service is provided. Expert procurement advice is needed to define the performance measures and incorporate these into the contract, but the advantages are considerable (Sanjay, 2000).

Supplier selection process

Lysons (2006) confirms that the supplier selection process is the point of first contact between the two parties of a potential business relation. The partnership relationship begins during the supplier selection process and gets reinforced during supplier development and continues as long as the business relationship lasts. The primary purpose of the supplier selection process is to achieve a shared vision, picking the right supplier to meet the company's product or service requirements. The process is length and complex and presents as many opportunities for making wrong or bad decisions as for making the right ones. Although a prospective supplier may bring desired risk sharing and core competence, it does not necessarily mean that the buyer has found a fully compatible partner. Compatibility also depends on both companies agreeing to pursue a common purpose to satisfy the end- customer.

According to Sanjay (2000), Sound supplier selection facilitates smooth operation of materials management as a whole. Without acceptable items and services no manufacturer can produce high quality products. Careful selection and monitoring of suppliers is therefore necessary as a first step towards ensuring reliable and defect free product. The quality of any product depends largely on the quality of the source of items and services. The right supplier becomes an important element of the value chain in deciding its performance. Hence suppliers have to be integrated into the buyer's quality system so as to: (a) become quality-conscious partners; (b) tap their core competence for the optimum design of parts and services; (c) reduce costs by eliminating wastage for instance receipt inspection, inventories and so on; (d) reduce lead time of procurement of items; (e) reduce costs of quality and continuously improve quality to achieve zero defects; and (f) become flexible to meet the needs of the end-customer.

Selecting the right alliance partner

According to Walker (2003) supplier selection is dynamic process that transfers the unique supplier's product value to meet internal customers needs through an approach that is synergistic with the corporate strategies. Most companies are becoming increasingly dependent on the body of supplier knowledge that underlies the operations of the company. Thus in manufacturing and

service companies, the competence, capabilities, skills possessed, maintained and used for gaining competitive advantage by suppliers provide an important ingredient in the successful operation and the survival of the company.

Baily (1998) confirms that, Some suppliers will be in an exceptional position among the vast number of suppliers, who not only will be the source of core competence but will also be capable of enhancing competitive advantage for the buying company. They will be the best resources to give an advantage to create value for the company that exceeds the possibilities of the competitors. Capable suppliers are generally viewed as the one exhibiting the following characteristics: they provide expert-level problem solving or decision support for some suitably restricted product related issues; capabilities can be used for inferring facts and solutions to unexpected problems in a multitude of ways; they can be used in a focused manner to exploit an opportunity; capable suppliers can act as a knowledge base that can promote an improved understanding of a particular set of problems and react proactively.

Lysons (2006) indicates that supplier selection is a vital procurement strategy that can only prove effective if the right suppliers have been selected for the company's needs in the first place. Procurement managers ought to pay attention to systematic planning of their supply base, which may indicate the need for planned increases or decreases. Such process involves: analyzing current supplier base; reviewing the ways in which supplier capabilities are being currently utilized; forecasting the demand or need to reduce suppliers in general; forecasting the need for particular type of supplier capabilities and also developing a supplier selection plan.

Partnership between suppliers and procurement entities

Baily (1998) also confirms that critical factors are those characteristics, conditions or variables that when properly sustained, maintained or managed will have a direct impact on one's partnership and hence one's shared vision. The main reasons for developing and binding these factors are to aim at coexistence and co-prosperity, through mutual cooperation to promote quality, costs, delivery and a win-win outcome in every transaction. The critical success factors in the partnership encompass:

Attitude

Attitude is a way of thinking or predisposition to respond in a positive or negative way to someone or something in one's environment. Without a positive attitude, it is difficult to build a successful partnership. Changing attitudes to form a partnership is hard and needs fundamental shifts in individual and organizational thinking. Partnership requires an open-minded managerial approach and a clear strategic evaluation of short-term and long term advantages sought and transfers offered. This balance should be based on a common understanding of each other's business and vision. The bottom line of partnership is to create value between the supplier and the buyer hence a good attitude between these two parties remains important (Sanjay, 2000).

Commitment

Commitment implies a willingness to put forth a great deal of effort in making partnership successful. It establishes a basis for relationship which provides a path for both companies to work towards a long-term partnership. Commitment must come from top management and it cannot be delegated to a team or committees. It comes from the personal endorsement of the top management and begins with the meaningful commitment by the buyer and supplier that sharing benefits will be the topmost priority on the agenda, involving a more assertive role for the buyer, who must consider making profits as his right and suppliers obligation (Baily, 1998).

Trust

The supplier must be able to trust the buyer and the buyer should provide stability to the supplier if he meets obligations. Trust in partnership can work only by being honest to each other. It is not only the most important ingredient in building it, but also the most difficult to achieve and easiest to lose. Without trust, a supplier will never be able to provide the best support to the buying company. Once trust is established, both partners learn that joint efforts lead to outcomes that exceed what one partner would have achieved if he had acted solely in his own best interest. One of the ways in which trust can be encouraged is to ensure that win-win relationships are developed which will give substantial rewards to the partners (Walker, 2003).

Communication

Inability or unwillingness to listen to each other's ideas can greatly affect a relationship between the buyer and supplier. High level of information sharing commitment will encourage suppliers to make investment in quality, just in time production, delivery and process innovation. Effective communication is also the central factor in good decision-making. Openness, feedback, recognition and teamwork are some of the main characteristics of good communication (Lysons, 2006).

Motivation

A better motivation is the real starting point for partnership. It could be based on a bold vision of each company's future and the passion necessary to turn that vision into creating business results. Motivation is what makes the supplier do something that adds value. Partnership will bring out the natural competitive instincts in suppliers that can leverage partnership efficiency. The goal of all partnership efforts should be the improvement of business results and the attainment of recognized business excellence (Sanjay, 2000).

Continuous improvement

The purpose of partnership is to obtain reinforcement of competitive attributes through the acquisition of new strength of each other's latest information and special skills in the area of core

competence. It should be a continuous process of knowing each other's strengths, weaknesses and threats to each other's business and opportunities. Based on strength, weaknesses, opportunities and threats (SWOT) analysis partners should define the future state of the business, periodically assess progress, performance gap, analysis and identify improvement goals and develop and deploy a plan to close the gaps. Partnership provides a platform to trigger continuous improvement projects and accumulate benefits by: providing a framework that ties efforts together; providing a means for identifying best practices; providing a structure for sharing knowledge and learning the methods and techniques partners can use to make improvements; allowing employees of both companies to speak the same language regarding goals; fostering teamwork across the company; improving the ability to accelerate continuous improvement and most importantly enabling the partners to effectively manage change and sustain continuous improvement (Sanjay,2000).

Supplier evaluation

According to Sanjay (2000) Supplier evaluation is a conscious tactic or process which aims at establishing the value of or the contribution made by the supplier in meeting the buying company's needs. It can also relate to the determination of the supplier's worth in the company's supply base structure. Supplier evaluation therefore, is a tool for motivating the suppliers to improve performance: Supplier evaluation, if designed and implemented properly, can help achieve important company objectives. It also serves to identify supplier development needs. Systematic follow-up can act as a motivator to the supplier. Motivation is a complex issue, but for a vast majority of suppliers there are certain consultants: suppliers perform better when they feel good about what they contribute to the buying company. That good feeling is fostered through recognition, praise, positive feedback of results, good working relationship, certification and so on. Motivation is necessary for leveraging supplier skills essential for a win-win relationship.

Sanjay (2000) confirms that the purpose for which evaluation is being carried out may be explicitly stated or may be implicit. Evaluation is usually performed for a specific purpose that frequently leads to some course of action. It helps design and plan future strategy and is an essential part of procurement. Supplier evaluation is a tool that allocates scores to supplier performance in the areas of quality, delivery, price, services and so on. Its fundamental aim is: to provide purchasing with an objective assignment of how suppliers will perform compared to each other and to their past track record; to help understand the success of procurement decisions already taken and to make good decisions in future; to act as a very powerful weapon in communicating and involving suppliers in building competitive advantage; to get rid of undesirable suppliers; to prepare a platform for continuous communication with suppliers in respect to problem-solving, preventive measures; corrective action; new orders, productivity improvements, changes in design or requirements and improve their overall performance; to

maintain the lines of communication with the supplier; to track meaning full performance criteria and present the results in a manner that will motivate improvements.

Conceptual Framework

The key variables which were measured in regard to researcher's study entailed both the independent and dependent variables. These variables were measured in regard to the ratings on the percentage number of respondents. To this extent the measurement of the distinct variables was based on ordinal scale whereby the findings of each variable was evaluated according to the percentage number of respondents hence this approach gave the researcher a basis to quantify and justify the authenticity of the data that supported the empirical findings of the study. In order to harness and have a formidable understanding of the subject under the study, the researcher used conceptual model indicated below to explain intensively and extensively the key strategic procurement approaches and how they influence the internal supply performance. The independent variables under this study entailed, continuous improvement, Buyer-supplier relationship, Rationalization of supply base and Supplier development.

Continuous improvement

The essence of continuous improvement in the perfection of supply activities between the buyer and the supplier contributes to success of the overall performance of internal supply. Ideally, providing a means for identifying best practices, providing a structure for sharing knowledge and learning the methods and techniques partners can use to make improvements, forms the basis of high performance in the supply function. On the other hand, in cases whereby there is no room for continuous improvement, the function of supply makes minimal strides in its performance (Sanjay, 2000). The distinct activities based on continuous improvement encompass; quality control, quality assurance, consolidation of cross-functional teams and lean supply.

Buyer-supplier relationship

Companies that embrace the essence of relationship with suppliers in areas of transaction eventually, create a room for win-win situation approach in their primary activities. This attribute enables companies in question to leap benefits from each other since every company works for the best of each other hence this ensures a high degree of supply performance (Lysons, 2000). The main activities under buyer-supplier relationship entail; supplier visits, early purchase involvement, long term partnership with suppliers and provision of supplier conference forums.

Rationalization of supply base

This entails the issue of narrowing down the sourcing entities in the procurement function through establishing only the best valuable suppliers to deal with. Reduction of supply base paves way to high degree of efficiency in procurement function and this attribute translates to

success in the internal supply performance (Lysons, 2006). The activities under rationalization of supply base entail; quality analysis, technical analysis, cost trend analysis and information flow analysis.

Supplier development policies

The practice of working with supplier to improve their performance and capabilities is important strategic approach which in turn accelerates the internal supply performance of the buying company. This is achieved through the essence of perfecting what the supplier is supposed to deliver to the buying company (Sanjay, 2000). The prime activities under this approach encompass; training, assessment of supplier's operations, provision of incentives to improve supplier performance and most importantly buyer-supplier information feedback.

From the basis of this study, the independent variables affect immensely the dependent variable, which is internal supply performance. To this extent therefore, the overall performance of the supply function squarely depends on the degree of the fore mentioned strategic approaches.

Review of empirical literature

The empirical literature encompasses the need for strategic procurement approaches and how it influences the internal supply performance function of companies. Also the literature covers contemporary strategic procurement issues embraced by companies.

Need for strategic procurement approaches

Procurement function has become an integral part of corporate performance and is drawing increased attention from senior management of various companies. The desired impact of effective procurement can best be realized when the full scope of procurement expertise is applied throughout the process of obtaining supplies, services, works requirements spanning the whole life cycle of an asset or service (Herbert,2005).

The rationale behind strategic procurement approaches is to: analyze the opportunities or constraints in the external environment that affect procurement activities; analyze the company's strength and weaknesses with respect to present procurement strategy; understand the company's mission and develop procurement goals; implement the procurement strategy and engage strategic control over it to ensure its aims are achieved; focus all efforts on the vision, the internal and external customer and the competition; reward suppliers based on their performance; simplify the way procurement activities are run; radically increase the speed of the whole procurement process by reducing the time taken to procure products and services from the market ahead of the competition, offering or even exceeding internal customer requirements but within the boundaries of end-customer needs; develop, nurture and sustain long-term supplier alliance; reduce supplier base and move towards sole source; evaluate and certify supplier on

critical success factors of business requirement and most importantly improve procurement processes continuously (Howard, 2004).

Contemporary strategic procurement issues embraced by companies

It is important to note that competitive strategy depend more on how companies produce goods at the maximum economic return and how it delivers them speedily at the lowest price through competitive manufacturing leveraged with flexible but appropriately designed procurement strategies. This enables procurement of quality lots in small quantities from the right suppliers, who are being deployed and re-deployed whenever required by optimizing their innate production strengths as the global market continues to change (Herbert, 2005).

According to Howard (2004) proactive strategic procurement operation can give the organization it represents a competitive advantage by reducing waste in the value chain. Procurement strategy however, cannot be developed in isolation; they need to be integrated with corporate strategy to succeed. Procurement best practice dictates that skilled and appropriately trained procurement staff should be involved from the outset to: ensure they have the opportunity to become familiar with the market conditions in particular the latest technological solutions; identify the risks and develop risk management strategies; assist in defining specifications that at least detail the outputs required from the supplier and define the evaluation criteria and those to be used to monitor the suppliers performance throughout the contract period.

Research Methodology

Research design

The researchers used descriptive research design which primarily shows the state of affairs as it exists at the present (Kothari 2004).The research was conducted through a case study of Kenya Vehicle Manufacturers limited. A case study was preferred in this study and it enabled the researchers to have in-depth understanding of how the independent variables affect the dependent variable of the study. The data was collected, edited, summarized and reduced to basic representative values that helped the researcher present his findings of the study in frequencies, charts and presentation in tables and graphs. This form of research design enabled the researcher to illustrate perfectly the diverse findings of the study.

Population and area of study

The population on focus in this study comprised the employees of Kenya vehicle manufacturers. The company (KVM) has a population size of three hundred employees (300). The three hundred employees are distributed in six (6) distinct departments. Each department has an average of fifty (50) employees who formed the basis of the total population under the study.

Sampling method and size

To constitute a structured sample, the researchers used stratified method since population to be sampled was heterogeneous. The researchers also used stratified sampling which provided greater precision geared to bring forth proportionate stratification whereby each stratum had the same sampling fraction (Kothari, 2004). In this technique the population was stratified into a number of strata and sample item were selected from each stratum. The researchers used a sample of ninety (90) employees which constituted 30% of the whole population under the study which is three hundred (300) employees Mugenda and Mugenda (1999). Therefore a sample size of fifteen (15) employees from the six departments which are procurement, human resource, administration, accounting, marketing, and production was used. Simple random sampling was used to collect the sample size.

Data collection

In gathering out the data the researchers depended on two complimentary sources of data that are primary and secondary data. Primary data is a kind of data that encompass information that has originated directly as a result of the particular problem under the study (Kothari, 2004). As regards this method, data collection involved: Personal interview whereby the researcher carried out personal interview in a highly structured way which involved the essence of following down procedures based on asking questions in a prescribed form and order. Through this type of interview the researcher restructured his questions in a way that determined the validity of answers from the respondents. Also the researcher used structured questionnaires which were based on simple and understandable questions. In order to elicit reliable, accurate and perhaps updated data, the questionnaires were adjusted accordingly before being administered to the targeted respondents. Secondary Data involves that data which is valid to the problem under the study but was originally meant for another study (Kothari, 2004). Under this method of data collection the researcher got the data already recorded by the respondents. These entailed supplies analysis reports and also supplies meetings/seminars reports. The researchers also obtained data from magazines, periodicals and journals based on strategic procurement reports.

Data analysis and presentation

Mugenda and Mugenda (1999) confirm that the main purpose of content analysis is to study existing information in order to determine factors that explain specific phenomenon. To this extent therefore, the responses to the questions were interpreted and put into different specific and relevant categories. Being a descriptive research the data was analyzed and tabulated using descriptive methods which illustrated the diverse findings of the study. The descriptive methods used involve; frequencies, percentages and presentations of tables and graphs.

Research Findings

The research study was carried out from seventy seven respondents out of the targeted ninety respondents across all departments of the company (KVM). This represented 85.5%. The data collected was classified, tabulated and clearly illustrated by the use of tables and figures. From the basis of comparative analysis the researchers was in a position to review/assess the effects of strategic procurement approaches. Also the researchers were in position to establish the critical challenges that hamper full implementation of strategic approaches. Recommendations were also made by various respondents on how to improve strategic procurement approaches. The researchers also came up with a questionnaire tailored to KVM's internal users. The rationale behind this questionnaire was specifically designed to know the internal user's verdict in regard to strategic procurement approaches.

The research study was a success since most of the underlined objectives were achieved. The researchers were in position to get three quarters of response from the targeted respondents an attribute that made the whole task of data collection to be exhaustively done. In order to get diverse opinions and perceptions of different personalities across a wide range in regard to strategic procurement approaches, the researchers requested the respondents to indicate their age bracket. From the basis of the findings the youth representation accounted for only 45.4% while the rest of respondents accounted for 54.6%. The researchers sought to establish the level of academic qualifications of the targeted respondents with a view to integrate the same to internal supply performance. The findings showed that the enhancement of procurement approaches in perfection of internal supply performance to some extent is affected by capacity deficit in terms of academic qualifications since only 32% of the respondents are under category of undergraduate and post graduate while 68% have diploma and 'O' level certificates.

In order to obtain intensive and extensive perspective in line with issues based on internal supply performance the researchers requested the respondents to indicate their work experience in the company. 78% of the respondents have a work experience ranging from months to 15 years. The rest of the respondents which comprise 22% have an experience of more than 15 years. This findings show that the company has a balanced number of employees who have diverse understanding of internal supply performance trends. The researchers also obtained detailed information on comparative analysis based on how KVM embrace strategic procurement approaches. The strategic procurement approaches highlighted comprise continuous improvement, buyer-supplier relationship, rationalization of supply base and supplier development. In regard to these strategic procurement approaches, 59.9% of respondents advocate the provision of continuous improvement while 31.65% focuses on buyer-supplier relationship activities. Rationalization of supply base activities is done by 66.7% of the respondents while on the other hand an average percentage of 44.05 of the respondents are directly linked with perfection of supplier development approaches.

In order to establish the effects of strategic procurement approaches embraced by the company the researchers measured the following procurement phenomenon: price escalation, reworks, delivery of surpluses, delays in delivery of goods, complete none delivery of goods, use of company's fleet to deliver goods, wrong supply, defective items complaints from user department and delivery of less quantity goods. From the analytical point of view 73.8% of the respondents indicated that these procurement phenomenons don't happen while 26.2% of the respondents indicated that these procurement phenomenons do happen often. Also the researchers sought to know the challenges that affect the company in provision of strategic procurement implementation. 93.5% of the respondents indicated that lack of clear communication is an impediment in provision of strategic procurement approaches. Lack of full support by suppliers and inadequate technical support gathered 88.31% and 97.4% respectively. Lastly, lack of proper policies was identified by 72.7% of respondents while less training forums were recognized by 54.5% of the respondents.

Conclusions

Though a lot of strides have been made in provision of strategic procurement approaches in KVM, still there are a couple of challenges which hamper full implementation of these attributes. The noticeable challenges include; Lack of clear communication; Lack of full support by suppliers; inadequate technical support; Lack of proper policies and also less training forums. From the basis of internal user's level of satisfaction we can conclude that 77% of the respondent termed procurement department of Kenya vehicle manufactures as good while 13% of the respondent considered the function to be fair. 7% of the respondents were in favour of the function being an excellent function in terms of procurement activity provision. Only 3% of the respondents were not satisfied by the procurement performance of the company and to this extent the department was termed as a poor function in terms of perfection of its activities. This attribute therefore shows that the internal users have high confidence in regard to how procurement function does their various activities. From the analytical point of view it's evident that the relationship between procurement and user departments of Kenya vehicle manufacturers is good. This is put forth by high degree of 85% of the respondent who termed the relationship to be good. 7% of the respondent termed the relationship to be fair while 5% of the respondent were of the opinion that the existing relationship is excellent one. However a small percentage of 3 termed the relationship to be poor. This good rapport between the procurement function and user department can be termed as the driving force behind the provision of strategic procurement approaches.

Recommendations

In order to have a full turn around in regard to provision of strategic procurement approaches the company is duty bound to effect high degree of effective communication across all the stakeholders, provision of training forums, provision of clear policies, establishment of technical

support and formation of buyer supplier relationship. Also the procurement department should address fully the following internal user's requirements that are; Provision of good working relationship, Provision of internal satisfaction surveys and establishment of good sourcing entities. To add on that the procurement department should come up with proper procurement policies geared to create continual improvement on various activities. The subject of all these facets of strategic procurement approaches should be based on a designed work plan that covers the holistic procurement functions. This procurement work plan should invariably be used as the reference point on issues based on acquisition of goods and services for the company. Also the study recommends for continuous research on the latest procurement approaches embraced by successful enterprises in the market. This approach should be designed to facilitate technological innovations and promote dissemination and exchange of technology information in the procurement function. This attribute is paramount since it will give the buying company (KVM) an opportunity to grasp highly competitive activities which can add significant value in return.

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