

EFFECTS OF PROCUREMENT RISK MANAGEMENT PRACTICES ON ORGANIZATIONAL PERFORMANCE IN THE KENYAN ENERGY SECTOR

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ABSTRACT

Procurement practices integrate various firms' operations and support functions, synchronizing production with new orders, purchasing with demand, scheduling and shipping with customer requirements. The procurement function in Kenya still faces challenges including poor implementation, non-compliance to procurement regulations, delays, untrained personal and inability to deliver the goods to the designated organizations. These procurement challenges have greatly affected the performance of organization, creating the need to correct such issues so as to improve organizational performance. The main objective is to assess the effects of procurement risk management practices on organizational performance in the Kenyan energy sector. The specific objectives include: To determine the effect of documentation on organizational performance in the Kenyan energy sector; To assess the effect of the supply chain framework on organizational performance in the Kenyan energy sector; To find out the

impact of regulatory framework on organizational performance in the Kenyan energy sector and to determine the effect of separation of duties on organizational performance in the Kenyan energy sector. The study adopted descriptive research design and the Target population was 440 in the energy and petroleum firms listed at NSE. Stratified sampling was adopted to obtain the sample size which was 209 staffs from energy companies listed at the NSE in Kenya. The study used Slovin`s formula: $n = \frac{N}{1 + N(e)^2}$ in sampling. Primary data was collected using a semi-structured questionnaire and the data was analyzed using descriptive statistics and inferential statistics was also computed with the aid of regression analysis. Secondary data was collected using data collection sheet.

The study findings was presented in

frequency distribution table, pie charts, figures and graphs.

Statistical Package Social Science and Descriptive statistics tool was used in analyzing the qualitative and quantitative data that was presented through pie charts, table and descriptive notes. Multiple regression model was used to show the relationship between the dependent and independent. A good response rate of 80% was realized. It was established that most of the firm`s risk management practices have positive impact on organizational performance. The study further adopted a regression analysis to determine the relationship between the variables at 5% confidence level of significance. The study findings showed that the four variables had a significant influence on organizational performance. The study recommended that a similar research should be conducted with an aim at investigating the effects of risk management practices on organizational performance with other variables or of other firms in other sectors, including the service industry in the Kenyan market. The study indicated that there has been limited amount of research on effects of risks management practices on organizational performance of energy firms listed in Nairobi stock exchange Kenya. Thus, the findings of this study serve as a basis for future studies on risk management practices. The inventory management practices and organizational performance of energy firms listed in Nairobi stock exchange in Kenya, has not been widely studied which presents gaps in African and Kenyan contexts.

Key words: *Documentation, Supply Chain Framework, Regulatory Framework, Separation of Duties, Organizational performance*

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