

EFFECT OF LEADERSHIP AND MANAGEMENT SUPPORT TO THE PROCUREMENT FUNCTION ON ORGANIZATIONAL PERFORMANCE

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Abstract

This research has been conducted to evaluate the impact of leadership and management support towards procurement on organizational performance in Nairobi County Government. The research was conducted based on a quantitative research design and it employed a survey strategy. Convenience sampling was used to select 87 employees in the procurement and finance department of Nairobi County Government. Data was collected using questionnaires and analyzed using EXCEL and SPSS. The findings of this research show that leadership and management support towards procurement positively impact on organizational performance. According to the research findings, the top management is charged with the responsibility of formulating policies, vision and goals of the organization; ensuring that employees are committed to organizational goals; provide guidance to support staff and providing direction to the entire organization. The for procurement initiatives to be successful, they must enjoy the support of the leadership and management. Additionally, to leadership and management cultivate collaborations among members of the organization within the procurement department in effect leading to improvement in organizational performance.

Keywords: Leadership, Management, Procurement, Performance

INTRODUCTION

According to Amayi and Ngugi (2013) public procurement is one of the pillars of economies within the developing countries. Indeed in most developing countries, public procurement accounts for between 10% and 40% of GDP. Unfortunately, despite such a huge role of public procurement in developing countries, there are high doubts that the resources committed to public organizations are not being used appropriately. High levels of corruption, lack of transparency and increased inefficiency are the main reasons why public procurement has suffered setbacks in positively impacting on the economy.

In Kenya for instance, there have been many reforms in the public procurement from starting in the mid-1990s. Nonetheless, the government has lost billions of money as a result of irregularities in public procurement. There is, therefore, need to find out factors influencing public procurement performance in Kenya. Some of the factors that could influence organizational performance in procurement include legal framework, professional ethics, ICT infrastructure and senior management support. Since the application of the aforementioned factors is highly dependent on the manner in which the management respondents, it is essential to investigate the impact of leadership and management support organizational performance in respect to procurement.

Statement of the Problem

Amayi and Ngugi's (2013) research on factors influencing procurement performance showed that leadership and management support is positively correlated with organizational performance. Oyuke and Shale (2014) also studied the relationship between management support and organizational performance revealing that indeed organizational performance receives a major boost whenever there is leadership and management support. However, a research by a research by Kalubanga (2012) shows that managerial support can be a barrier to organizational performance particularly when members of the management pursues personal interests rather than supporting organizational performance. The current research, therefore, sought to establish the influence of leadership and management support on organizational performance. The findings of this research are useful to professionals within the procurement field. The research equips professionals in the procurement field with necessary knowledge on how to enhance organizational performance by employing proper management support. This research is also useful literature on the impact of management support on organizational performance. Therefore, future researchers and scholars can make use of these research findings to gain a better understanding of factors that influence organizational procurement.

Research Objective and Hypothesis

The aim of this research was to evaluate the effect of leadership and management support on organizational performance. The research was guided by the following hypothesis:

H₃: Leadership and management support does not influence organizational performance.

LITERATURE REVIEW

Theoretical Review

According to the systems theory, an organization perceived as composed of both internal and external elements that must interact with one another in enabling the organization to achieve its objectives. The systems theory views an organization as a whole rather than as particular elements. The systems theory plays a very important role in asserting the role of leadership and management support in enhancing organizational performance. According to Hanson (2014) when the leadership and management views an organization as a system rather than individual parts, it is likely to put in greater effort in ensuring that organizational goals and objectives are pursued and achieved. Additionally, the systems theory advocates for the notion that management support and charismatic leadership are critical role in bringing forth improved organizational performance from financial and non-financial perspectives. According to the systems theory, the introduction of changes within an organization is highly dependent on the support of an organization's leadership and management.

Empirical Review

According to Chari et al. (2016) leadership and management support influence all aspects of procurement performance ranging from establishing new systems, green procurement as well as improving levels of transparency. Lack of leadership and management support has also been responsible for the failure of many procurement initiatives. According to the research management support is important because it is the top management who approve funding for specific procurement initiatives. Additionally, the management has the sole responsibility of rallying employees behind any procurement leading to its eventual success. The above sentiments are shared by Kemunto and Ngugi (2014) whose research showed that leadership and management support play a critical role in enhancing organizational performance. Specifically, leadership and management support collaborative relationships between a company and its suppliers, facilitating transparent negotiations and also long term relationships that eventually lead to procurement of high quality inputs at affordable prices. This improves organizational performance.

Mose et al. (2013) believe that for any procurement initiative to be successful, it must enjoy full management support. The top management is charged with the responsibility coming up with goals and visions of the organization, enhancing commitment to change in the organization's structure and processes as well as in formulating strategies and policies necessary in enhancing procurement performance. Therefore, if any procurement initiative lacks the support of top leadership and management, its chances of success are slim. The top management is, therefore, required to give appropriate support and attention to the procurement in order to bring forth improved organizational performance. Amemba et al. (2013) also supports the above views by asserting that top management support for collaborative relationships between the buyers and suppliers is essential for enhancing organizational performance. The success of an organization's procurement process is highly dependent on the support attained from the company's management.

Leadership and management support plays a very important role in bringing forth enhanced organizational performance in procurement. Procurement entails the flow of goods, services and works across supply chains that involve many firms. The success of an organization's procurement is, therefore, highly dependent on the company's ability to support the procurement function and maintain good relations with other firms that form part of the supply chain network (Oyuke and Shale, 2014). Kemunto and Ngugi (2014) also believe that top leadership and management support play a major role in ensuring that procurement performance is achieved at the highest level. The role of management in the procurement is to come up with policies that guide internal procurement practices. Procurement as function within an organisation, therefore, needs to enjoy the support of top management to ensure that policies formulated seek to enhance rather than derailing performance within the organisation. From the above research studies, it can be noted that management support plays a very important role in enhancing organizational performance as the procurement function is concerned.

Previous research studies show that leadership and management support have a positive impact on organizational performance as far as procurement is concerned. Research shows that the top management is charged with the responsibility of developing visions and goals for the organisation. The management also plays a role of ensuring that all members within the organization are committed to changes instituted within the procurement function. Therefore, any new procurement initiative cannot succeed in the absence of managerial support. It is essential for the procurement to enjoy the support of top management in order to high levels of success to be attained within the procurement function. The top management also ensures that collaborative relationships exist between an organization procurement function and external

suppliers leading to the purchase of high quality input at affordable prices. This leads to improved organizational performance.

RESEARCH METHODOLOGY

Population and Sampling Design

Research paradigm relates to the manner in which reality is perceived and how data is collected and analyzed to understand reality. There three research paradigms: interpretivist, positivist and realist. The current research was conducted based on the positivist research paradigm which assumes that reality is independent and external to views and perceptions of the researcher (McCormack and Hill, 2009). Therefore, it is studied using objective statistical research methods. In the current the impact of leadership and management support on organizational performance is an external phenomenon independent of researcher's opinion. Therefore, it is studied based on the positivist research philosophy (McCormack and Hill, 2009). A quantitative research design was used in this study while the survey was the main research strategy. In this current research stratified random sampling was used to select 87 employees from the finance and procurement department of Nairobi County Government as the main respondents. This was appropriate because it makes it possible for the researcher to select respondents based on their knowledge and experience in the subject matter under investigation (Nestor and Schutt, 2011).

Data Collection

In this research simple structured questionnaires were used in the data collection process. Simple structured questionnaires are suitable because they can yield a high response rate because they are easy to understand simple to fill in (Oliver, 2010).

Data Analysis

Data analysis was conducted using EXCEL and SPSS statistical software. Descriptive analysis was conducted to understand the respondents' profile in terms of gender, level of education and working experience. Regression and correlation analysis was conducted to find out the impact of leadership and management support on organizational performance in Nairobi County Government procurement process.

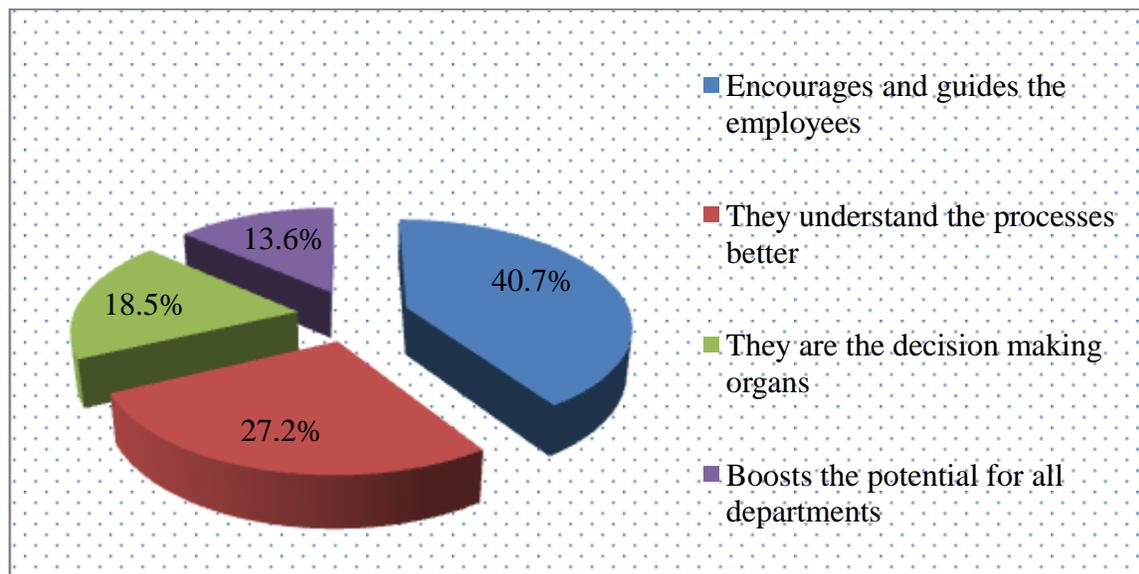
FINDINGS AND DISCUSSION

Out of the 87 questionnaires that were issued to respondents, the researcher collected 81 completely filled-in questionnaires. The response was 93.1%. According to Oliver (2010) a response rate of 60% is good enough and, therefore, in current research the 93.1% response

rate is exceptional. In this study 40.7% of the participants were female while 59.3% were male. According to Mitchell and Jolley (2012) it is important to get balanced views of both male and female respondents in a research for high quality outcomes. The above statistics fulfill this requirement. To find out the effect of leadership and management on organizational performance, the respondents were required to rate the importance of leadership and management support on procurement initiatives within an organization. The results are shown below.

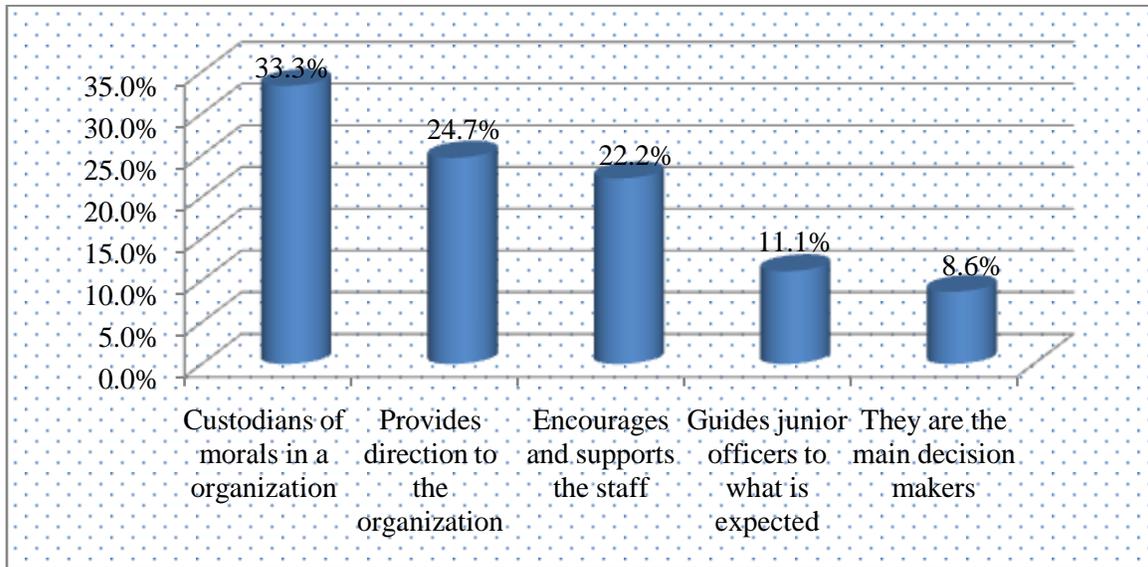
From figure 1 below, 40.7% of the participants indicated that leadership and management support encourages and guides employees; 27.2% of employees believe that leadership and management support understand procurement processes better and, therefore, bring forth high levels of performance; 18.5% of respondents believe that leadership and management support are decision making organizations and so are important in procurement performance; while 13.6% of respondents believe that leadership and management supports boosts the potential of all organizational departments including the procurement department.

Figure 1: Importance of leadership support on organizational performance



The above results are in line with a research conducted by Kemunto and Ngugi (2014) which established that leadership and management enhances procurement performance by supporting policy frameworks and strategies that improve the overall procurement process within. In order to establish why the respondents felt that their leaders influenced their procurement function performance, the respondents were asked to indicate why and the following results were established.

Figure 2: Why Leadership Support influences Performance



From figure 2 above, 33.3% of the respondents believed that the leadership and management is the custodian of morals in the organization; 24.7% believed that the leadership provides direction of the organization whereas 22.2% of the respondents believe that eldership and management encourages support staff in procurement in effect bringing forth improved organizational performance. The above findings are in line with a research conducted by Amemba et al. (2013) which established that leadership supports collaborative relationships within the procurement function bringing forth improved performance. In summary, the research findings show that indeed leadership support to procurement functions brings forth improved organizational performance.

Regression Analysis Results

To test the statistical significance of the relationship between the effect of leadership (management) support and organizational performance, ordinary least squares regression analysis results were as follows.

Table 1: Regression output

Model	Unstandardized Coefficients		Standardized Coefficients	F	Sig
	B	Std. Error	Beta		
(Constant)	0.878	0.357		2.46	0.016
Leadership and Management Support	0.458	0.132	0.353	3.47	0.017

The analysis yielded statically significant results as shown in table 4.4 above with p-value of 0.017 and unstandardized coefficient of 0.458. That indicates that organizational leadership support to the procurement function influences performance.

SUMMARY AND RECOMMENDATIONS

The findings of this research show that leadership and management support towards procurement positively impact on organizational performance. According to the research findings, the top management is charged with the responsibility of formulating policies, vision and goals of the organization; ensuring that employees are committed to organizational goals; provide guidance to support staff and providing direction to the entire organization. The for procurement initiatives to be successful, they must enjoy the support of the leadership and management. Additionally, to leadership and management cultivate collaborations among members of the organization within the procurement department in effect leading to improvement in organizational performance. The study recommends that the county leaders should demonstrate support for the firm's procurement officers to learn and emulate them.

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