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STRATEGIC PROCUREMENT PRACTICES AND PERFORMANCE OF COMMERCIAL STATE CORPORATIONS IN KENYA

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ABSTRACT

The efficiency and performance of commercial state corporations in Kenya are crucial for the country's economic development and the delivery of public services. However, these corporations face persistent challenges in their procurement processes, which significantly affect their overall performance. The main objective of the study was to examine the effect of strategic procurement practices on performance of commercial state corporations in Kenya. Specifically, the study sought to establish the effect of inventory management on performance of commercial state corporations in Kenya, to find out how procurement planning affects performance of commercial state corporations in Kenya. For this study, descriptive research design was utilized. The target population comprised of 46 Commercial state corporations (SCAC, 2021). The unit of analysis was therefore the 46 commercial state corporations while the unit of observation was the management employees working in the state corporations. The study therefore targeted a total of 368 respondents comprising of 46 top managers, 138 middle level managers and 184 lower-level managers. The study's sample size was reached at using Krejcie and Morgan sample size determination formula. Using the formula, the sample size for the study was 188 respondents. This study used primary data collected using a semi- structured questionnaire. Statistical Package for Social Sciences (SPSS) was used to analyze the data. Descriptive and inferential statistics were computed and findings presented in tables and figures. The study concludes that inventory management has a positive and significant effect on performance of commercial state corporations in Kenya. In addition, the study concludes that procurement planning has a positive and significant effect on performance of commercial state corporations in Kenya. Based on the findings, the study recommends that the management of commercial state corporations in Kenya should adopt an integrated inventory management system. By implementing a comprehensive digital solution that combines real-time tracking, demand forecasting, and automated replenishment, these corporations can optimize their inventory levels, reduce excess stock, and minimize shortages.

Key Words: Strategic Procurement Practices, Inventory Management, Procurement Planning, Performance, Commercial State Corporations

Background of the Study

Organizational performance is a comprehensive concept that encompasses various dimensions reflecting how well an organization achieves its objectives and fulfills its mission (Arinitwe, & Kalikola, 2023). Public organizations, including state corporations, are instrumental in the functioning of a country, delivering essential services, managing public resources, and implementing government policies. Their performance is crucial for ensuring efficiency, effectiveness, and equity in public service delivery. Efficiency in public organizations minimizes waste and optimizes the use of public funds, achieved through streamlined processes, effective use of technology, and sound financial management. Effectiveness measures the extent to which public organizations achieve their goals and objectives, including meeting policy targets, fulfilling mandates, and delivering services that meet the needs of citizens (Chinogwenya, & Utete, 2023).

Public organizations play a significant role in economic growth through various means. They oversee the development and maintenance of critical infrastructure, such as roads, bridges, ports, and public utilities. Efficient and well-maintained infrastructure is essential for economic activities, reducing transportation costs, and enhancing productivity (Mutuku, & Osoro, 2022). Public organizations also provide essential services such as healthcare, education, sanitation, and security, which are fundamental for a healthy and educated workforce, crucial for economic growth. For instance, investments in healthcare lead to a healthier population, reducing the economic burden of disease. Furthermore, public organizations are responsible for implementing policies and regulations that create a conducive environment for economic activities. This includes enforcing property rights, ensuring fair competition, and protecting consumers (Mudaheranwa, 2021). Effective regulation can attract investment, stimulate entrepreneurship, and promote sustainable economic development. Public organizations are significant employers, providing jobs directly and indirectly, supporting household incomes, and stimulating economic activities in local economies (Manta, Bunea, & Ismail, 2023). Public sector jobs often set standards for working conditions and benefits, influencing the broader labor market. Additionally, public organizations play a stabilizing role in the economy by managing public finances, conducting counter-cyclical fiscal policies, and providing social safety nets (Corbos, Bunea, & Jiroveanu, 2023).

Strategic procurement practices, refers to a systematic approach to acquiring goods and services that aligns with an organization’s overall strategic goals. This involves a range of practices including strategic sourcing, supplier relationship management, e-procurement, and sustainable procurement (Macharia, & Osoro, 2023). Strategic procurement is designed to achieve long-term value and efficiency, rather than merely focusing on short-term cost savings. Key elements include the adoption of advanced technologies, robust supplier evaluation processes, and adherence to ethical standards. Research has shown that strategic procurement can lead to enhanced organizational performance by reducing costs, improving the quality of procured goods and services, and increasing operational efficiency (Hatane, S, Hotlan, & Rany, 2020).. For instance, strategic sourcing allows organizations to identify and collaborate with high-quality suppliers, ensuring better value for money and reducing the risk of supply chain disruptions. Supplier relationship management fosters long-term partnerships that can lead to innovations and improvements in service delivery (Giathi, Abayo, & Muhohoh, 2021).

Statement of the Problem

The efficiency and performance of commercial state corporations in Kenya are crucial for the country's economic development and the delivery of public services. However, these corporations face persistent challenges in their procurement processes, which significantly affect their overall performance. Inefficiencies, high operational costs, and a lack of transparency in procurement have been major concerns, leading to financial losses and eroded public trust (Kipkorir, & Maina, 2022). According to the Public Procurement Regulatory Authority (PPRA), procurement accounts for up to 60% of the government expenditure, making it a critical area for potential savings and efficiency improvements. Recent statistics highlight the severity of the problem. The Auditor General's report in 2020 revealed that procurement irregularities were responsible for significant financial losses in state corporations. For instance, the Kenya Power and Lighting Company (KPLC) was found to have lost Ksh 30 billion (approximately USD 300 million) due to procurement inefficiencies and mismanagement. Similarly, the National Hospital Insurance Fund (NHIF) faced procurement-related challenges that resulted in losses amounting to Ksh 10 billion (approximately USD 100 million). These figures are indicative of a systemic problem that, if left unaddressed, can undermine the financial stability and service delivery capacity of these corporations (Kariuki, & Wabala, 2021).

Furthermore, Transparency International's Corruption Perceptions Index (CPI) consistently ranks Kenya poorly, with procurement corruption being a significant contributor to the country's overall corruption levels. In 2022, Kenya was ranked 128 out of 180 countries, indicating a high perception of public sector corruption. These issues highlight the urgent need for effective strategic procurement practices that can enhance accountability, reduce wastage, and improve the performance of commercial state corporations (Giathi, Abayo, & Muhohoh, 2021). Research has shown that strategic procurement practices influence organization performance.

Various studies have been conducted on strategic procurement practices and organization performance. For instance; For instance, in Indonesia, Hatane, Hotlan and Rany (2020) assessed on the effects of strategic procurement practices on organization performance. Nangpiire, Gyebi and Nasse (2024) in Ghana researched on strategic procurement practices and organizational performance of small and medium enterprises. In Uganda, Arinitwe and Kalikola (2023) conducted a study on strategic procurement practices and organizational performance in the public sector. a case of National Water And Sewage Cooperation. Nevertheless, countries differ in terms of economic development, legal and institutional frameworks, and geographical boundaries hence findings from one country cannot be generalized to another country.

Macharia and Osoro (2023) in Kenya investigated on strategic procurement practices and performance of professional bodies in Nairobi City County. In Kenya, Giathi, Abayo and Muhoho (2021) examined on strategic procurement practices on performance of public institutions: a case of national transport and safety authority and Nzangi and Wachiuri (2023) in Kenya conducted a study on strategic procurement practices and performance of investment firms listed in Nairobi Securities Exchange. However, none of these studies focused on inventory management, procurement planning, on performance of commercial state corporations in Kenya. To fill the highlighted gaps, the current study sought to determine the influence of strategic procurement practices (inventory management and procurement planning) on performance of commercial state corporations in Kenya.

The General Objective of the Study

The main objective of the study was to examine the effect of strategic procurement practices on performance of commercial state corporations in Kenya.

Specific Objectives

i. To establish the effect of inventory management on performance of commercial state corporations in Kenya.
ii. To find out how procurement planning affects performance of commercial state corporations in Kenya.

LITERATURE REVIEW

Theoretical Review

Resource-Based View (RBV) theory

The Resource-Based View (RBV) theory founded by Barney (1991) is a strategic management framework that focuses on the internal resources and capabilities of a firm as sources of competitive advantage. At its core, RBV posits that a firm's unique bundle of resources and capabilities can enable it to achieve sustainable competitive advantage and superior performance in the marketplace. Unlike traditional strategic management approaches that primarily focus on external factors such as market dynamics and industry structure, RBV emphasizes the importance of internal factors in determining a firm's success. RBV theory entails identifying and leveraging a firm's distinctive resources and capabilities to create value and achieve strategic objectives. Resources can include tangible assets such as physical infrastructure, financial capital, and technology, as well as intangible assets such as human capital, intellectual property, organizational culture, and reputation. These resources are considered valuable if they enable the firm to exploit opportunities or neutralize threats in the external environment. Capabilities, on the other hand, refer to the firm's ability to effectively deploy and utilize its resources to perform specific activities and achieve desired outcomes (Niyongira & Munene, 2022).

The Resource-Based View (RBV) theory of strategic management is built upon several foundational assumptions that shape its approach to analyzing firm performance and competitive advantage. One key assumption of RBV is that firms are heterogeneous in terms of the resources and capabilities they possess. This means that each firm has a unique bundle of resources—both tangible and intangible—that is valuable, rare, difficult to imitate, and non-substitutable (VRIN). RBV posits that these distinctive resources and capabilities are the primary sources of sustained competitive advantage and superior performance. Another assumption of RBV is that firms are rational and profit-maximizing actors that seek to exploit their resources and capabilities to create value for stakeholders. RBV theory also assumes that resources are not static, but can be developed, accumulated, and leveraged over time to enhance a firm's competitive position. This implies that firms can invest in building and renewing their resource base, as well as developing dynamic capabilities that enable them to adapt and respond effectively to changes in the external environment. Additionally, RBV assumes that markets are imperfect and that firms can earn economic rents by possessing unique resources and capabilities that are not fully captured by market prices. These rents can arise from factors such as brand reputation, customer loyalty, and proprietary technology (Oluwabunmi, Aminu & Bello, 2020).

Despite its strengths, RBV theory has faced several critiques over the years. One criticism is that RBV may be tautological or circular in its reasoning, as the concept of valuable, rare, inimitable, and non-substitutable resources (VRIN) is somewhat subjective and difficult to operationalize empirically. Critics argue that firms may achieve competitive advantage through factors other than resources and capabilities, such as market positioning or network effects. Additionally, RBV has been criticized for its limited focus on external factors and industry dynamics, such as changes in customer preferences, technological innovation, and competitive rivalry. Some scholars argue that RBV may overlook the importance of these external factors in shaping a firm's competitive position and performance. Moreover, RBV theory has been criticized for its lack of prescriptive guidance on how firms can identify and develop valuable resources and capabilities. While RBV provides a useful framework for understanding the sources of competitive advantage, it offers limited practical guidance on how firms can systematically analyze their resource base and make strategic decisions to enhance their competitive position. Critics also point out that RBV may be less relevant in industries characterized by rapid technological change and disruptive innovation, where traditional sources of competitive advantage may be short-lived (Cherotich & Ngugi, 2020). This theory was relevant in establishing the effect of inventory management on performance of commercial state corporations in Kenya.

Institutional Theory

Institutional Theory developed by John Meyer and Brian Rowan (1970s) provides a lens through which to understand how institutions shape and influence organizational behavior, practices, and norms within societies. Institutional Theory posits that organizations are embedded within broader social and cultural contexts governed by institutions—formal and informal rules, norms, and conventions that guide behavior and shape expectations. Central to Institutional Theory is the concept of institutional isomorphism, which refers to the tendency of organizations within the same field or sector to adopt similar structures, practices, and behaviors over time. This isomorphism occurs through three main mechanisms: coercive, mimetic, and normative pressures. Coercive pressures arise from formal regulations, laws, and policies imposed by governments or regulatory bodies. Organizations conform to these pressures to avoid penalties or gain legitimacy in their operations (Muhwezi, Musiime & Onyutha, 2020).

Mimetic pressures, on the other hand, stem from uncertainty or ambiguity in organizational environments. When faced with uncertainty about best practices or when benchmarking against successful peers, organizations may imitate the structures and practices of others perceived as legitimate or successful. This mimetic behavior helps organizations reduce uncertainty and gain acceptance within their institutional environment. Normative pressures are based on social norms, values, and professional standards that shape what is considered appropriate or legitimate behavior within a given field. Organizations conform to these norms to gain approval from stakeholders, including customers, investors, employees, and the broader community. Normative pressures emphasize conformity to ethical, cultural, and social expectations that define acceptable behavior in specific contexts (Higiro, 2021).

Institutional Theory also explores the role of institutional entrepreneurs—individuals or organizations that challenge existing institutional arrangements, introduce new practices, or advocate for changes in institutional rules and norms. These entrepreneurs play a crucial role in driving institutional change by promoting innovative practices or challenging outdated norms, thereby influencing the evolution of institutions over time. Critically, Institutional Theory highlights the importance of legitimacy in organizational survival and success. Legitimacy is derived from adherence to institutional norms and expectations, which enhances an organization's reputation, trustworthiness, and support from key stakeholders. Organizations that successfully navigate institutional environments by aligning with or strategically adapting to institutional pressures are more likely to achieve legitimacy and sustain competitive advantage in their industries (Kariuki & Wabala, 2021).

Firstly, institutional theory assumes that organizations strive for legitimacy and survival by conforming to institutional norms and expectations. This assumption suggests that organizations tend to mimic successful practices of others, leading to isomorphism, where organizations become structurally and behaviourally similar. While this conformity can enhance legitimacy and stability, it may also stifle innovation and diversity, as organizations prioritize fitting in over exploring novel approaches. Secondly, institutional theory critiques the idea of organizational rationality. It argues that organizations may not always adopt practices based on rational decision-making but rather as a result of institutional pressures. This perspective challenges the classical view of organizations as rational actors driven purely by efficiency and profit maximization. Instead, it highlights the influence of broader social forces and norms in shaping organizational behaviour (Mutuku & Osoro, 2022).

Critics also point out that institutional theory can oversimplify the complexities of organizational change. While it acknowledges the powerful influence of institutions on organizations, it may understate the agency of organizational actors in actively shaping and contesting institutional pressures. Organizations and their leaders often navigate multiple institutional environments, each with its own set of norms and expectations, and may strategically choose when and how to conform, resist, or even transform these institutions. Moreover, institutional theory's focus on stability and conformity may obscure the dynamics of power and conflict within organizations. Institutions are not monolithic; they reflect the interests of powerful actors and groups who shape and reshape them over time. This perspective calls for a deeper examination of how institutions are constructed, contested, and transformed through political struggles and social movements (Ogwang & Waweru, 2020). This theory was relevant in finding out how procurement planning affects performance of commercial state corporations in Kenya.

Conceptual Framework

A conceptual framework is a set of concepts that the study operationalizes to meet certain goals (Chakraborty, 2019). It is the primary framework that provides the study its form and shape, as well as holding all of the parts in the logical arrangement together (Mugenda & Mugenda, 2019). It demonstrates how a study conceptualizes and displays the link between the variables in the study (Kothari, 2018).

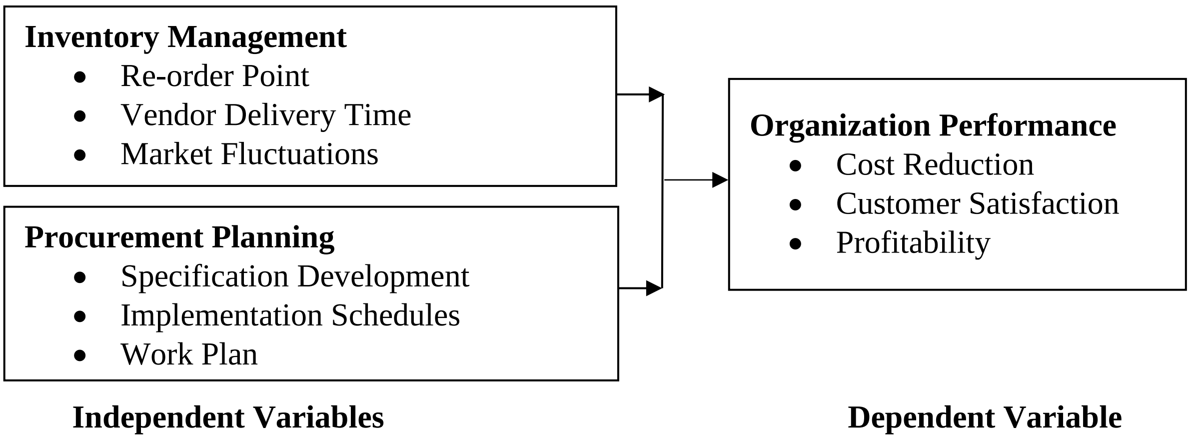

Figure 2.1: Conceptual Framework

Inventory Management

Inventory management refers to the process of efficiently overseeing the constant flow of goods into and out of an existing inventory within a business (Niyongira & Munene, 2022). It involves monitoring stock levels, ordering and restocking inventory, managing storage facilities, and forecasting demand to ensure adequate supply without overstocking. Effective inventory management aims to minimize costs associated with storing excess inventory while ensuring products are available for customers in the right quantity and at the right time (Oluwabunmi, Aminu & Bello, 2020).

The re-order point (ROP) is a critical threshold in inventory management that indicates when it's time to replenish stock. It's calculated based on factors such as lead time (the time it takes from placing an order to receiving it), demand variability, and desired service level (the probability of not running out of stock). Essentially, the ROP ensures that new orders are placed early enough to arrive before the stock runs out, taking into account how quickly inventory is consumed and how long it takes to receive new shipments. Setting an appropriate re-order point is crucial for avoiding stock outs without excessive overstocking, thus optimizing inventory levels and operational efficiency (Cherotich & Ngugi, 2020).

Vendor delivery time refers to the period between placing an order with a supplier and receiving the goods. This is a key component in inventory management as it directly influences the reorder point and overall inventory levels. Longer delivery times may require a higher safety stock or earlier ordering to avoid stock outs, while shorter delivery times can allow for leaner inventory levels. Managing vendor delivery times involves assessing supplier reliability, negotiating lead times, and sometimes diversifying suppliers to mitigate risks of delayed deliveries impacting operations. Efficient management of vendor delivery times ensures that inventory is replenished in a timely manner, supporting smooth business operations and customer satisfaction (Musau, *et al*, 2020).

Market fluctuations encompass changes in demand patterns, pricing dynamics, and supply availability that can impact inventory management decisions. Demand fluctuations due to seasonality, economic factors, or trends affect inventory planning by influencing reorder points and safety stock levels. Pricing fluctuations may impact costs of goods sold and inventory valuation, influencing procurement strategies and pricing decisions. Supply fluctuations, such as disruptions in supply chains or supplier shortages, can lead to stock outs or delays in receiving inventory, necessitating agile responses and contingency planning. Effective inventory managers monitor market fluctuations closely, employing forecasting techniques and agile strategies to adapt quickly to changing market conditions while maintaining optimal inventory levels and cost efficiency (Okumu & Bett, 2021).

Procurement Planning

Procurement planning is the systematic process of identifying, evaluating, and strategically acquiring goods, services, or works needed to fulfill organizational requirements (Muhwezi, Musiime & Onyutha, 2020). It involves forecasting future needs, determining appropriate sourcing strategies, selecting suppliers or vendors, negotiating contracts, and ensuring timely delivery of materials or services (Higiro, 2021).

Specification development is a crucial initial step in procurement planning, where detailed requirements for goods, services, or works are defined. This process involves clearly outlining the technical, functional, and performance specifications that the procured items must meet to satisfy organizational needs. Specifications serve as the basis for supplier selection, contract negotiation, and quality assurance throughout the procurement process. Clear and precise specifications help in minimizing misunderstandings between buyers and suppliers, ensuring that the procured items or services align with organizational standards and objectives. Additionally, well-developed specifications facilitate effective evaluation of proposals or bids from potential suppliers, promoting fair competition and enhancing the likelihood of obtaining high-quality and cost-effective solutions (Kariuki & Wabala, 2021).

Implementation schedules in procurement planning refer to the timelines and milestones set for executing various stages of the procurement process. These schedules outline key activities such as specification development, supplier selection, contract negotiation, and delivery of goods or services. Establishing clear implementation schedules is essential for ensuring that procurement activities are conducted efficiently and in a timely manner, aligning with broader organizational goals and project timelines. Effective scheduling helps in coordinating activities among different departments or teams involved in procurement, minimizing delays, and ensuring that critical deadlines are met. It also allows for proactive management of resources, budgeting, and risk mitigation strategies throughout the procurement lifecycle (Mutuku & Osoro, 2022).

A work plan in procurement outlines the detailed tasks, responsibilities, and timelines for executing the procurement process from start to finish. It typically includes steps such as needs assessment, specification development, supplier identification and evaluation, contract negotiation, order placement, delivery, and post-delivery evaluation. The work plan serves as a roadmap that guides procurement professionals and stakeholders through each phase of the procurement cycle, ensuring that activities are organized, coordinated, and completed according to established timelines and objectives. Clear roles and responsibilities are assigned within the work plan to ensure accountability and facilitate effective communication among team members and stakeholders (Ogwang & Waweru, 2020).

Empirical Review

Inventory Management and Organization Performance

Niyongira and Munene (2022) conducted a study on inventory management practices and financial performance of manufacturing firm in Rwanda a case of Muhabura Multichoice

Company Ltd. The researcher used descriptive research design, the study population was 40 respondents and sample size was same using census technique. The study found that inventory management practices had a positive and statistically significant effect on production performance in Muhabura Multichoice Company Ltd. The study concluded that the contribution of stock reviews on production performance in Muhabura Multichoice Company Ltd is that it facilitates regular analysis of stock.

Oluwabunmi, Aminu and Bello (2020) examined on the effect of inventory management practices on the organizational performance of food and beverage companies in Kwara State, Nigeria. A descriptive research design was adopted for this work. Three food and beverage companies with a population size of 902 staff made up the study. Among which 225 respondents were selected using Nassiuma's (2000) formula which formed the sample size of the study. The study found that inventory management practices had a significant positive effect on the organizational performance of food and beverage companies in Kwara State, Nigeria. The study concluded that inventory management practices significantly influenced the organizational performance of food and beverage companies in Kwara State, Nigeria.

Cherotich and Ngugi (2020) researched on the influence of inventory management practices on performance of fast-moving consumer goods manufacturers in Nairobi County, Kenya. This study adopted a descriptive research design for the purpose of accessing the study’s general intent. The target population was 51 fast moving consumer goods manufacturers in Nairobi County and a total of 102 respondents were sampled. The study found that lead time, top management support, supplier evaluation and e-procurement had significant positive relationship with performance of fast-moving consumer goods manufacturers. The study concluded that lead time, top management support, supplier evaluation and e-procurement and performance of fast-moving consumer goods manufacturers have an association.

Musau, *et al* (2020) investigated on the effect of inventory management on organizational performance among textile manufacturing firms in Kenya. The study adopted the convergent parallel mixed methods design. The study targeted a total of 196 respondents drawn from employees of procurement departments and departmental heads of respective 15 textile manufacturing industries operating in Nairobi County. The sample size was therefore 139 respondents. The study found that textile manufacturing firms in Kenya have adoption of inventory management as a factor of supply chain influencing performance. The study concluded that inventory management possesses the potential of positively influencing performance of Textile firms.

Okumu and Bett (2021) assessed on inventory management practices and organization performance of steel industries in Nairobi County, Kenya. Descriptive research design was used in the study. The target population for this study were employees in the, Quality, administration, sales and marketing, production departments of three steel companies in Nairobi County Kenya and a sample size of 45 respondents was utilized. The study found that there is a positive and significant correlation between economic order quantity, material/inventory control and quality control and organizational performance and a negative correlation between legislation and organization performance. The study concluded that organization performance among steel firms in Nairobi County is influenced by economic order quantity, material/inventory control and quality control.

Procurement Planning and Organization Performance

Muhwezi, Musiime and Onyutha (2020) researched on the assessment of the effects of procurement planning processes on performance of construction contracts in local governments in Uganda. The study adopted a descriptive research design and used purposive sampling to sample 81 respondents. The study found that there is positive significant relationship between procurement planning and the performance of construction contracts. The study concluded that procurement planning, contract monitoring and administration have a significant effect on the performance of construction contracts in District Local Governments in Uganda.

Higiro (2021) conducted a study on the effect of procurement planning on performance of public institutions in Rwanda: case of Kicukiro District. The study adopted explanatory research design while the study population constituted 258 employees. The study found that identification of needs is a key indicator in enhancing performance of public institutions. The study concluded that there is a strong positive relationship between identification of needs and tendering methods on the performance of public institutions.

Mutuku and Osoro (2022) examined on procurement planning and performance of manufacturing industry in Nairobi County, Kenya. The study employed descriptive research design. The unit of analysis was 50 manufacturing firms in Nairobi County. The study targeted 500 senior procurement, production, marketing, finance and accounting staff. Stratified random sampling technique was used to sample 220 staff. The study found that procurement process management and supplier sourcing has a positive and significant influence on performance of manufacturing industry in Nairobi County, Kenya. The study concluded that procurement planning influence performance of manufacturing industry in Nairobi County, Kenya.

Ogwang and Waweru (2020) investigated on the influence of procurement planning on performance of Kisumu Water and Sewerage Company Limited, Kenya. Survey research design was adopted. The study population comprised of the 128 procurement officers, middle level managers, supervisors and departmental heads working with KIWASCO. A sample of 57 respondents was derived from the aforesaid population using stratified random sampling technique. The study found that all facets of procurement planning, that is, transparency in procurement and procurement requirements were positively correlated to organizational performance and that transparency in procurement was the only one that had a significant influence on the performance of KIWASCO. The study concluded that procurement planning were of significant importance to the performance of KIWASCO.

RESEARCH METHODOLOGY

For this study, descriptive research design was utilized. The target population comprised of 46 Commercial state corporations (SCAC, 2021). The unit of analysis was therefore the 46 commercial state corporations while the unit of observation was the management employees working in the state corporations. The study therefore targeted a total of 368 respondents comprising of 46 top managers, 138 middle level managers and 184 lower-level managers. The study's sample size was reached at using Krejcie and Morgan sample size determination formula (Russell, 2019). Therefore, using the formula, the sample size for the study was 188 respondents. The respondents were chosen with the help of simple random sampling technique.

This study used semi-structured questionnaires to collect the primary data for the study. Quantitative and qualitative data was generated from the closed-ended and open-ended questions, respectively. Qualitative data was analysed on thematic basis and the findings provided in a narrative form. Inferential and descriptive statistics was employed for analysis of quantitative data with the assistance of Statistical Package for Social Sciences (SPSS version 25). Descriptive statistics such as frequency distribution, mean (measure of dispersion), standard deviation, and percentages were used. Inferential data analysis was conducted by use of Pearson correlation coefficient, and multiple regression analysis.

PRESENTATION, ANALYSIS AND INTERPRETATION OF DATA

The researcher sampled 188 respondents who were each administered with the questionnaires. From the 188 questionnaires 168 were completely filled and returned hence a response rate of 89.4%. The response rate was considered as suitable for making inferences from the data collected. As indicated by Metsamuuronen (2019), a response rate that is above fifty percent is considered adequate for data analysis and reporting while a response rate that is above 70% is classified as excellent. Hence, the response rate of this study was within the acceptable limits for drawing conclusions and making recommendations.

Descriptive Statistics

Inventory Management and Organization Performance

The first specific objective of the study was to establish the effect of inventory management on performance of commercial state corporations in Kenya. The respondents were requested to indicate their level of agreement on statements relating to inventory management and performance of commercial state corporations in Kenya, the results were as presented in Table 1.
From the results, the respondents agreed that they calculate re-order points based on sales history and lead time variability (M=3.904, SD= 0.976). In addition, the respondents agreed that re-order points are adjusted quarterly to align with demand patterns and seasonal trends (M=3.847, SD= 0.612). Further, the respondents agreed that their average vendor delivery time ranges from 7 to 10 days, depending on supplier workload and shipping method (M=3.699, SD=0.822). The respondents also agreed that they maintain proactive communication with vendors to anticipate and mitigate potential delivery delays (M=3.601, SD= 0.505). The respondents also agreed that they use forecasting models to predict demand shifts and adjust inventory levels accordingly (M=3.541, SD= 0.708). In addition, the respondents agreed that during peak seasons, they increase safety stock to manage risks associated with market fluctuations (M=3.538=, SD=0.881).

Table 1: Inventory Management and Organization Performance

	Mean	Std. Deviation
We calculate re-order points based on sales history and lead time variability.	3.904	0.976
Re-order points are adjusted quarterly to align with demand patterns and seasonal trends.	3.847	0.612
Our average vendor delivery time ranges from 7 to 10 days, depending on supplier workload and shipping method.	3.699	0.822
We maintain proactive communication with vendors to anticipate and mitigate potential delivery delays.	3.601	0.505
We use forecasting models to predict demand shifts and adjust inventory levels accordingly.	3.541	0.708
During peak seasons, we increase safety stock to manage risks associated with market fluctuations	3.538	0.881
Aggregate	**3.688**	**0.751**

Procurement Planning and Organization Performance

The second specific objective of the study was to find out how procurement planning affects performance of commercial state corporations in Kenya. The respondents were requested to indicate their level of agreement on various statements relating to procurement planning and performance of commercial state corporations in Kenya. The results were as presented in Table 2.
From the results, the respondents agreed that specifications are developed collaboratively to ensure clarity and meet regulatory standards (M=3.957, SD= 0.756). In addition, the respondents agreed that industry benchmarks guide specification development to align with organizational objectives (M=3.819, SD= 0.872). Further, the respondents agreed that implementation schedules are created with consideration of procurement lead times and project dependencies (M=3.701, SD= 0.795). The respondents also agreed that schedules are adjusted to accommodate changes in project scope and resource availability (M=3.699, SD= 0.928). Further, the respondents agreed that work plans outline procurement phases and responsibilities to ensure systematic execution (M=3.678, SD=0.576). In addition, the respondents agreed that plans are updated regularly to align with project goals and accommodate evolving requirements (M=3.645, SD=0.876).

Table 2: Procurement Planning and Organization Performance

	Mean	Std. Deviation
Specifications are developed collaboratively to ensure clarity and meet regulatory standards.	3.957	0.756
Industry benchmarks guide specification development to align with organizational objectives.	3.819	0.872
Implementation schedules are created with consideration of procurement lead times and project dependencies.	3.701	0.795
Schedules are adjusted to accommodate changes in project scope and resource availability.	3.699	0.928
Work plans outline procurement phases and responsibilities to ensure systematic execution.	3.678	0.576
Plans are updated regularly to align with project goals and accommodate evolving requirements	3.645	0.876
Aggregate	**3.750**	**0.801**

Organization Performance

The respondents were requested to indicate their level of agreement on various statements relating to performance of commercial state corporations in Kenya. The results were as presented in Table 3.

From the results, the respondents agreed that progress in cost reduction is monitored through established metrics and benchmarks (M=3.844, SD= 0.822). In addition, the respondents agreed that cost reduction measures are aligned with strategic goals to maximize long-term savings (M=3.777, SD= 0.610). Further, the respondents agreed that insights from customer feedback drive continuous improvements in products and services (M=3.719, SD= 0.815). In addition, the respondents agreed that customer-centric strategies are prioritized to maintain high levels of satisfaction and loyalty (M=3.716, SD= 0.765). The respondents also agreed that strategic investments and cost management initiatives contribute to sustainable profitability (M=3.699, SD=0.753). In addition, the respondents agreed that balancing profitability goals with operational efficiency ensures long-term financial stability (M=3.687, SD=0.875).

Table 3: Organization Performance

	Mean	Std. Deviation
Progress in cost reduction is monitored through established metrics and benchmarks.	3.844	0.822
Cost reduction measures are aligned with strategic goals to maximize long-term savings	3.777	0.610
Insights from customer feedback drive continuous improvements in products and services.	3.719	0.815
Customer-centric strategies are prioritized to maintain high levels of satisfaction and loyalty.	3.716	0.765
Strategic investments and cost management initiatives contribute to sustainable profitability.	3.699	0.753
Balancing profitability goals with operational efficiency ensures long-term financial stability.	3.687	0.875
Aggregate	**3.740**	**0.773**

Correlation Analysis

This research adopted Pearson correlation analysis determine how the dependent variable (performance of commercial state corporations in Kenya) relates with the independent variables (inventory management, procurement planning

Table 4: Correlation Coefficients

		Organization Performance	Inventory Management	Procurement Planning
Organization Performance	Pearson Correlation	1		
	Sig. (2-tailed)			
	N	168		
Inventory Management	Pearson Correlation	.805**	1	
	Sig. (2-tailed)	.003		
	N	168	168	
Procurement Planning	Pearson Correlation	.815**	.297	1
	Sig. (2-tailed)	.000	.060	
	N	168	168	168

From the results, there was a very strong relationship between inventory management and performance of commercial state corporations in Kenya (r = 0.805, p value =0.003). The relationship was significant since the p value 0.003 was less than 0.05 (significant level). The findings are in line with the findings of Niyongira and Munene (2022) who indicated that there is a very strong relationship between inventory management and organization performance.

Moreover, there was a very strong relationship between procurement planning and performance of commercial state corporations in Kenya (r = 0.815, p value =0.000). The relationship was significant since the p value 0.000 was less than 0.05 (significant level). The findings are in line with the findings of Muhwezi, Musiime and Onyutha (2020) who indicated that there is a very strong relationship between procurement planning and organization performance.

Regression Analysis

Multivariate regression analysis was used to assess the relationship between independent variables (inventory management and risk management) and the dependent variable (performance of commercial state corporations in Kenya).

Table 5: Regression Coefficients

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.335	0.085		3.941	0.000
inventory management	0.345	0.088	0.344	3.920	0.001
procurement planning	0.361	0.092	0.362	3.924	0.000

The regression model was as follows:

$$\mathbf{Y = 0.335 + 0.345X_1 + 0.361X_2}$$

According to the results, inventory management has a significant effect on performance of commercial state corporations in Kenya β_1=0.345, p value= 0.001). The relationship was considered significant since the p value 0.001 was less than the significant level of 0.05. The findings are in line with the findings of Niyongira and Munene (2022) who indicated that there is a very strong relationship between inventory management and organization performance.

The results also revealed that procurement planning has a significant effect on performance of commercial state corporations in Kenya, $\beta 1$=0.361, p value= 0.000). The relationship was considered significant since the p value 0.000 was less than the significant level of 0.05. The findings are in line with the findings of Muhwezi, Musiime and Onyutha (2020) who indicated that there is a very strong relationship between procurement planning and organization performance.

Conclusions

The study concludes that inventory management has a positive and significant effect on performance of commercial state corporations in Kenya. Findings revealed that re-order point, vendor delivery time and market fluctuations influence performance of commercial state corporations in Kenya.

In addition, the study concludes that procurement planning has a positive and significant effect on performance of commercial state corporations in Kenya. Findings revealed that specification development, implementation schedules and work plan influence performance of commercial state corporations in Kenya.

Recommendations

The study recommends that the management of commercial state corporations in Kenya should adopt an integrated inventory management system. By implementing a comprehensive digital solution that combines real-time tracking, demand forecasting, and automated replenishment, these corporations can optimize their inventory levels, reduce excess stock, and minimize shortages.

Further, the study recommends that the management of commercial state corporations in Kenya should adopt a strategic procurement framework aligned with the organization's long-term goals. By conducting thorough market analysis and needs assessments, corporations can identify the most cost-effective suppliers and negotiate better terms.

Suggestions for Further Studies

This study was limited to the effect of strategic procurement practices on performance of commercial state corporations in Kenya hence the study findings cannot be generalized to organization performance in the private sector in Kenya. The study therefore suggests further studies on the effect of strategic procurement practices on organization performance in the private sector in Kenya.

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