THESIS ABSTRACT

Master of Business Administration

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Title: EFFECT OF PROCUREMENT PRACTICES OF MEDICINE AND MEDICAL SUPPLIES ON ORGANIZATIONAL PERFORMANCE: A CASE OF TENWEK HOSPITAL, BOMET, KENYA

Researcher: Bikiltu Kenna Degu

Primary Adviser: Angela Nwaomah, PhD

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Procurement practices constitute a pivotal function crucial for shaping the performance of organizations, irrespective of their public or private nature. Despite this evidence, many hospitals in Kenya struggle with poor performance which they attribute to poor procurement practices that have been adopted by the hospitals as one of the main reasons. This study specifically examined the impact of procurement practices of medicine and medical supplies, on the organizational performance of Tenwek Hospital in Kenya. The evaluation of Tenwek Hospital's performance

considered two dimensions: financial performance and the improved healthcare services. Once the relationship between procurement practices and organizational performance is established, this knowledge can guide hospital administrators to consider key elements of procurement practices, such as stakeholder engagement, procurement planning, and supplier management, as effective strategies for improving performance.

This research employed a quantitative approach, specifically adopting a causal cross-sectional research design to explore the relationship between the dependent and independent variables. The target population of this study were the workers in procurement department, finance department, and the health professionals of Tenwek hospital. To guarantee the inclusion of appropriate and representative participants in the study, the research employed a combination of purposive sampling and simple random sampling methods. The study's validity was confirmed by an overall Cronbach alpha reliability coefficient exceeding 0.7. A self-designed questionnaire was used as the data collection tool. Data for this research were collected at Tenwek Hospital, with a sample size of 240 respondents. A 100% response rate was achieved from the participants.

The data analysis utilized descriptive statistics, which included calculating the means, standard deviations and averages to describe the demographic variables and to assess the extent to which the procurement practices were being implemented. Additionally, Pearson correlation and multiple linear regression analyses were conducted to explore the relationships between the variables.

The Pearson correlation results demonstrated positive relationships between stakeholder engagement ($r = 0.585$, $p < 0.005$), procurement planning ($r = 0.653$, $p < 0.005$), and supplier management ($r = 0.596$, $p < 0.005$) with organizational financial performance. Similarly, positive correlations were found with organizational performance in improved healthcare services, including stakeholder engagement ($r = 0.681$, $p < 0.005$), procurement planning ($r = 0.674$, $p < 0.005$), and supplier management ($r = 0.556$, $p < 0.005$).

The regression analysis provided significant insights into the relationship between the independent and dependent variables. The adjusted R^2 indicated that 45% and 49.8% of the variability in financial performance and improved healthcare services respectively can be explained by the three predictor variables. Moreover, the ANOVA results showed a p-value below 0.05, which confirmed a significant relationship between the three procurement practices, and both financial and improved healthcare services performance. Regarding financial performance, the standardized coefficients (Beta) for procurement planning ($\beta = 0.394$, $t = 4.04$, $p < 0.05$) and supplier management ($\beta = 0.241$, $t = 3.35$, $p < 0.05$) demonstrated significant effects, with procurement planning exerting a slightly stronger effect. However, stakeholders' engagement ($\beta = 0.097$, $t = 1.107$) exhibited the lowest standardized coefficient and lacked statistical significance ($p > 0.05$).

On the other side, concerning improved healthcare performance, stakeholders' engagement ($\beta = 0.379$, $t = 4.527$, $p < 0.05$) and procurement planning ($\beta = 0.289$, $t = 3.101$, $p < 0.05$) showed significant effects, with stakeholders' engagement having a slightly greater effect. In contrast, supplier management ($\beta = 0.093$, $t = 1.353$) had the lowest standardized coefficient and lacked statistical significance ($p > 0.05$), indicating no significant effect on improved healthcare services performance.

The study recommends the following: (1) enhancing Tenwek Hospital's procurement practices by improving stakeholder engagement through consultative processes and structured communication; (2) refining procurement planning to

balance timely acquisition and minimize service interruptions; (3) addressing stock outs through detailed analysis and supplier management by implementing a robust supplier selection and evaluation process; (4) and managing emergency orders with contingency plans. It is also recommended to enhance procurement planning and supplier management to improve financial performance, while emphasizing the significance of stakeholder engagement in improving healthcare service delivery.

Keywords: Procurement practices, Medicine and Medical Supplies, Stakeholder Engagement, Procurement Planning, Supplier Management, Organizational Performance, Financial Performance, Improved Healthcare Services, Tenwek Hospital

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A thesis

presented in partial fulfillment

of the requirements for the degree

Master of Business Administration

by

Bikiltu Kenna Degu

June 2024

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APPROVED BY:

Primary Adviser Angela Nwaomah, PhD	Program Coordinator, MBA Marie-Anne Razafiarivony, PhD
Secondary Adviser Josephine Ganu, PhD	Head of Department, Social Sciences Musa Nyakora, PhD
External Examiner James Muya, PhD	Dean, School Postgraduate Studies Lossan Bonde, PhD

Date: June, 2024

Dedicated to my family, whose unwavering support and encouragement have been with me throughout this academic journey. Your belief in my capabilities has fueled my determination, and I dedicate this thesis to you with heartfelt gratitude.

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CHAPTER 1

INTRODUCTION

Background of the Study

Procurement plays a vital role in the operations of all organizations, regardless of their public or private status. Procurement encompasses various activities such as acquiring goods and services, including supplier selection, supplier evaluation, and negotiation. Effective and efficient procurement practices offer various advantages, such as cost reduction, enhanced quality, improved supplier relationships, and innovation. As a result, organizations are increasingly focusing on optimizing their procurement practices to improve their overall performance (Cao & Wang, 2022; Abdullahi & Mohamud, 2023).

A strategic procurement is essential for the delivery of quality products and services. This shows that the role of procurement practices in organizational performance has evolved significantly, transitioning from an operational and inactive role to a strategic one. This transformation has led to a greater focus on improving quality-based procurement practices, as indicated by Patrucco et al. (2019) and Balaeva et al. (2021).

Procurement practices comprise several essential components to form the foundation of effective procurement practices, facilitating strategic decision-making and sustainable resource management within organizations. Stakeholder engagement is a one of such critical aspects of sustainable procurement practices, which involves interacting with relevant stakeholders to gain insights into strategic issues in procurement (Agyekum et al, 2022). Procurement planning is also another crucial component which allows organizations to anticipate needs and mitigate risks for the enhancement of value for money and delivery of quality service (Chepkesis & Keitany, 2018). Additionally, supplier management encompassing supplier evaluation and supplier monitoring, is integral to ensuring effective procurement and cost reduction (Changalima et al., 2023).

Organizational performance is commonly assessed using a combination of financial metrics and non-financial indicators. Akeem (2017) highlights the importance of efficient procurement processes in generating cost savings, thereby positively impacting financial performance. In contrast, non-financial measures such as service delivery, as noted by Chmielewska et al. (2022) and Adeyinka and Umar (2013), offer valuable insights into indicators of organizational performance. This holistic approach is essential for organizations striving to achieve excellence in their operations and service delivery.

In recent years, the landscape of procurement practices in Kenya has witnessed significant evolution and reform. The enactment of the Public Procurement and Asset Disposal Act of 2015 represents a pivotal milestone in this transformation, ushering in new standards and guidelines governing procurement processes across the country. This legislation marks a progressive step forward from the previous regulatory framework established by the Public Procurement and Deregulation Act of 2005. The primary objective behind these legislative changes is to streamline and enhance procurement practices in Kenya, ensuring transparency, efficiency, and accountability in the acquisition of goods, services, and works (Mutangili, 2019). Through these legal reforms, Kenya seeks to modernize its procurement landscape, promote fair competition among suppliers, and ultimately improve the effectiveness and integrity of procurement processes.

Wachira (2013), highlights that organizations can be categorized into two main types: private and public. These two categories differ in terms of the procurement procedures they follow and the purpose they serve. In Kenya, faith-based hospitals and clinics are an important aspect of the healthcare sector as they contribute to around 30-40% of beds in the country, according to Muga et al. (2005).

Given the significance of the faith-based healthcare sector, it is imperative to empirically assess the procurement practices of hospitals and clinics in Kenya and the impact it has on organizational performance. Tenwek Hospital is one of the largest faith based hospitals in the south west region with multiple specialties, and it also hosts several medical training programs. This is why the purpose of this study is to evaluate the effect of the procurement practices of medicine and medical supplies on the performance of Tenwek Hospital in Kenya.

Statement of the Problem

Effective procurement practices are crucial for the smooth operation of organizations and have a direct influence on their overall performance (Abdullahi & Mohamud, 2023). Furthermore, in the increasingly competitive business environment, effective and efficient procurement practices can serve as a potential competitive advantage for superior performance (Knight et al., 2017). However, the challenges faced by many Kenyan hospitals, as highlighted in a study by the Public Procurement Regulatory Authority (PPRA) in 2019, underscore the prevalence of inadequate procurement practices and its negative effect on performance. Tenwek Hospital, like numerous other healthcare institutions, is not an exception to the challenge identified by the Public Procurement Regulatory Authority (PPRA) of Kenya. The hospital management expressed a strong belief in the necessity of investigating Tenwek Hospital's procurement practices, seeming to imply a need for assessment and potential areas for enhancement. Therefore, this study explored the effect of procurement practices of medicine and medical supplies on the organizational performance of Tenwek Hospital, which stands as one of the largest mission hospitals in the southwestern region of Kenya.

Identifying the key factors that influence the relationship between procurement practices and performance in hospitals holds significant value. These insights can inform strategic improvements within the hospital setting, ultimately leading to enhanced organizational performance in the dynamic business environment. Therefore, it is imperative to empirically test the effect of procurement practices related to medicine and medical supplies on the organizational performance of Tenwek Hospital.

This study, therefore, aimed to specifically explore how procurement practices concerning medicine and medical supplies affect Tenwek Hospital's organizational performance. It is focused on evaluating both financial performance and the improved healthcare service delivery within the hospital. By examining these specific aspects, this research sought to provide a comprehensive understanding of the influence of procurement practices on Tenwek Hospital's effectiveness and success.

Research Questions

In order to fulfill its purpose this study sought to provide answers to the following research questions:

1. What is the level of stakeholders' engagement in the procurement practices of medicine and medical supplies of Tenwek Hospital, Bomet, Kenya?
2. What is the extent of procurement planning in procurement practices of medicines and medical supplies of Tenwek Hospital, Bomet, Kenya?
3. What is the level of supplier management in the procurement practices of medicine and medical supplies of Tenwek Hospital, Bomet, Kenya?
4. What is the level of performance of Tenwek Hospital, Bomet, Kenya in terms of financial performance and improved healthcare services?
5. What effect does the procurement practices of medicine and medical supplies have on organizational performance of Tenwek Hospital, Bomet, Kenya in terms of financial performance?
6. To what extent does the procurement practices of medicine and medical supplies have an effect on the organizational performance of Tenwek Hospital, Bomet, Kenya in terms of improved healthcare services?

Hypothesis

H_{01} Procurement practice of medicine and medical supplies has no significant effect on the organizational performance of Tenwek Hospital, Bomet, Kenya in terms of financial performance as measured by:

a. Stakeholders' Engagement;
b. Procurement Practice;
c. Supplier Management.

H_{02} Procurement practice of medicines and medical supplies has no significant effect on the organizational performance of Tenwek Hospital, Bomet, Kenya in terms of improved healthcare services as measured by:

a. Stakeholders' Engagement;

b. Procurement Practice;

c. Supplier Management.

Conceptual Framework

The conceptual framework provides a graphical representation of the relationship between variables. This study derives its conceptual framework variables from the existing literature on the relationships between procurement practices and organizational performance. In this study as presented in Figure 1, the dependent variable is organizational performance, which is influenced by three independent variables namely: stakeholder engagement, procurement planning, and supplier management.

Organizational performance in this study is measured using financial performance and improved healthcare service. Financial performance is evaluated based on cost reduction, increased days cash on hand, and net income increment directly attributed by procurement practices of medicine and medical supplies in the hospital. The other performance measure is improved healthcare service, which is evaluated by the availability of medicines and medical supplies without service interruption and satisfaction of healthcare professionals with the quality of medicines and medical supplies.

Overall, these procurement practices were used to measure the effectiveness of procurement practices and their effect on the hospital's performance. By analyzing the hospital's performance in these areas, it will be possible to identify areas for improvement and develop strategies to enhance procurement practices and organizational performance.

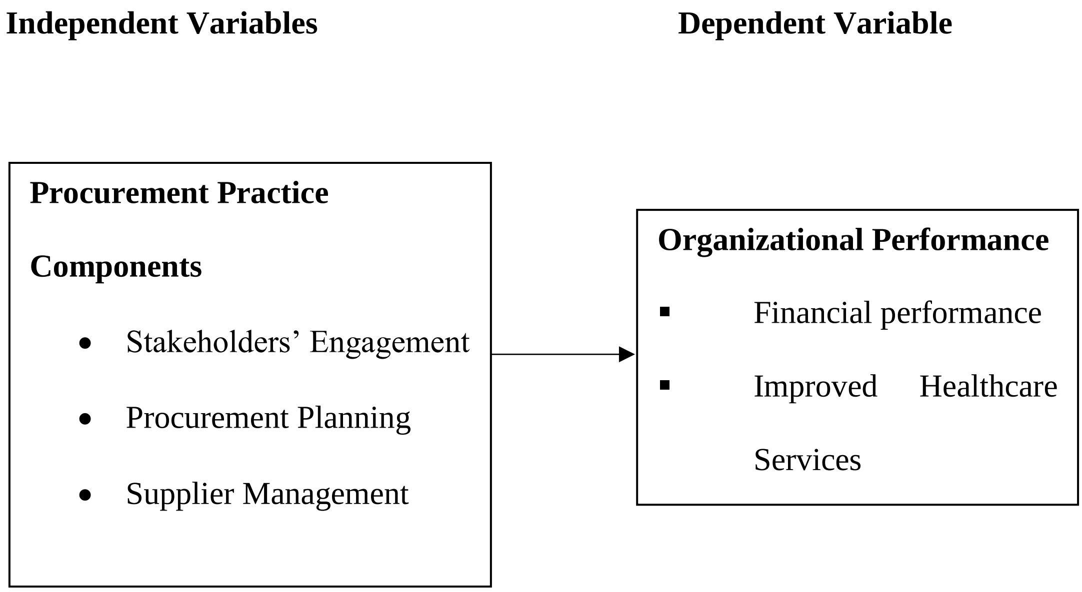

Figure 1. *Conceptual Framework of the Study*

Source: Researcher (2023)

Significance of the Study

This study is significant for various stakeholders', each benefiting from its insights and implications. Firstly, the administration of Tenwek Hospital stands to gain from valuable insights regarding the strengths and weaknesses of the hospital's procurement practices. By identifying areas for improvement, the administration can implement targeted strategies to enhance overall organizational performance, ensuring more efficient resource allocation and service delivery.

Secondly, the procurement manager, finance manager and relevant departments within Tenwek Hospital will benefit from a comprehensive understanding of how procurement practices impact hospital operations. Having this knowledge, they can make informed decisions to optimize procurement processes, leading to improved financial performance and the provision of higher-quality healthcare services.

Thirdly, the study's implications extend beyond Tenwek Hospital, offering worthwhile insights applicable to other healthcare institutions facing similar procurement challenges. By sharing the study findings and lessons learned, this research contributes to broader industry knowledge, ultimately enhancing the effectiveness of procurement practices across the healthcare sector.

Finally, this study fills the gaps in empirical research on the chosen topic, enriching the existing body of literature with new findings and perspectives. Its contributions not only shed light on the intricate relationship between procurement practices and organizational outcomes but also offer practical recommendations for implementation in real-world settings.

Scope and Limitations of the Study

The study was conducted at Tenwek Hospital, located in Bomet, Kenya, a significant healthcare facility serving a large population in the southwest region of the country. This research focused specifically on investigating the impact of procurement practices related to the procurement of medicine and medical supplies on the organizational performance of the hospital.

The primary objective of the study was to assess the influence of procurement practices on organizational performance, with a particular emphasis on two dimensions: financial performance and the quality of healthcare services provided. To explore this relationship, the study examined three key independent sub-variables under procurement practices: stakeholder engagement, procurement planning, and supplier management.

The target population for this research included various stakeholders within Tenwek Hospital, comprising healthcare professionals, procurement staff, and finance personnel. These individuals were selected as they possess valuable insights into the procurement processes which makes them essential participants for the study. Furthermore, as the hospital has a value chain system, the study participants are involved in the procurement process of medicine and medical supplies in various capacities.

Throughout the research process, limitations were encountered that may have impacted access to the required information. Initially, there was potential reluctance among respondents to disclose sensitive procurement-related information. To address this concern, measures were implemented to ensure respondent confidentiality, reassuring participants that their input was for academic purposes and for the improvement of performance of the hospital.

Additionally, some target respondents faced challenges in meeting the survey submission deadline, potentially affecting the timeliness and accuracy of responses. Efforts were made to mitigate this issue by providing respondents with ample time to complete the survey and sending friendly reminders to encourage timely participation.

While the study provided valuable insights into the procurement practices and organizational performance of Tenwek Hospital, certain limitations should be acknowledged. The findings may have limited generalizability due to the specific context of a single institution. Furthermore, its focus solely on financial performance and healthcare service quality may not fully capture the comprehensive organizational performance of the hospital, as other factors most likely influence its overall effectiveness.

Operational Definition of Terms

Acquisition Process: This represents the steps involved in preparing a requisition, reviewing the requisition, approving the budget, and creating a purchase order.

Financial Performance: The measurable outcomes such as cost reduction, increased days cash on hand, and net income increment directly attributed by procurement practices of medicine and medical supplies in Tenwek Hospital.

Improved Healthcare Services: Availability of medicines and medical supplies without service interruption and satisfaction of healthcare professionals with the quality of medicines and medical supplies.

Lead time: The period from when an order is received until it is ready for delivery.

Medical supplies: A medical or surgical item that is consumable, disposable, or a non-durable item used to treat or diagnose a particular patient's disease, injury, or condition.

Medicine: Drugs in the form of liquid, powder, capsules, and tablet used for treatment of diseases.

Need identification: Collecting departmental reports on patient population and disease profiles and determining the appropriate levels of drugs and medical supplies for health professionals to achieve successful treatment.

Organizational performance: The effectiveness and efficiency of Tenwek Hospital financially and through improved healthcare service provided.

Procurement planning: It is the need identification, acquisition process, and establishment of the lead time required for the procurement of medicine and medical supplies.

Procurement practices: Stakeholder engagement, procurement planning, and supplier management for the efficient procurement of medicine and medical supplies.

Procurement: The activity of finding and procuring the medicines and medical supplies needed by the hospital to provide its services effectively.

Stakeholder active involvement: The level of participation of stakeholders (health professionals) in confirming and approving the medicines and medical supplies to be procured and seeking inputs from stakeholders on what to do next in case of unavailability of the first choice of medicine and medical supplies.,.

Stakeholder engagement: Stakeholder identification and active involvement.

Stakeholder identification: The process of picking out all staff members who are directly affected by the hospital's procurement of medicine and medical supplies activities or who have a specific interest in these activities.

Supplier evaluation: The process of reviewing and approving potential suppliers with a good reputation and consistency with a view to availing the needed medicines and medical supplies for the hospital.

Supplier management: A procurement practice component with a structured program for medicine and medical suppliers management, in terms of supplier selection and supplier evaluation.

Supplier selection: Choosing suppliers from whom Tenwek Hospital purchases medicines and medical supplies based on a given criteria.

CHAPTER 2

LITERATURE REVIEW

The following section presents the relevant literature concerning the topic of the study. It offers a broad overview of the underlying theories behind the variables being studied and conducts a thorough examination of previous studies on these variables. Empirically, this chapter conceptualizes procurement practices and organizational performance.

Theoretical Framework

Ideally, the theoretical framework demonstrates an understanding of the research topic and the wider field of knowledge. According to Anfara Jr and Mertz (2014), a theoretical framework is a foundation that holds up a theory of research. It helps to introduce and explain the theories that help us understand why the research question exists in the first place. A theory explains, predicts, and understands phenomena, often challenging existing knowledge within critical boundary assumptions (Holt & Polis, 1997). This research is based on the Stakeholder Theory, Agency Theory, Resource-Based View (RBV) Theory, and Dynamic Competence Theory. Each of these theories contribute to explain the phenomenon and is described in the following paragraphs.

Stakeholder Theory

Stakeholder Theory is a framework that emphasizes the importance of considering the interests and needs of all stakeholders when making decisions within an organization (Freeman, 1984). This theory recognizes that organizations have a responsibility to not only maximize profits but also to consider the impact of their decisions on all stakeholders, including employees, customers, suppliers, and the broader community (Donaldson & Preston, 1995).

Stakeholder Theory has been applied across a range of industries, including healthcare, education, and finance, to help organizations better understand the impact of their decisions on stakeholders and to make decisions that align with stakeholder interests (Freeman et al., 2010; Brink & Snijders, 2011).

One of the key benefits of Stakeholder Theory is that it can lead to improved organizational performance. By considering the interests of all stakeholders, organizations can build stronger relationships, enhance their reputation, and create value for all stakeholders (Laplume et al., 2008). For example, companies that prioritize stakeholder engagement have been found to have higher financial performance, greater innovation, and stronger social and environmental performance (Jeurissen & Van der Horst, 2017).

Stakeholder Theory also recognizes the importance of balancing the interests of different stakeholders, as conflicts between stakeholders can arise (Donaldson & Preston, 1995). This requires organizations to engage in ongoing dialogue and negotiation with stakeholders to ensure that their needs and interests are being addressed.

The application of Stakeholder Theory to this study is highly relevant as it emphasizes the importance of considering the interests and needs of various stakeholders in organizational decision-making. In the context of Tenwek Hospital, stakeholders encompass healthcare professionals as the major stakeholders in the procurement of medicine and medical supplies. By applying Stakeholder Theory, this study aims to assess how procurement practices, such as stakeholder engagement, procurement planning, and supplier management, influence the interests and effectiveness of all relevant stakeholders in the procurement of medicine and medical supplies. Overall, the application of Stakeholder Theory enriches the study by providing a comprehensive framework to evaluate and improve the impact of procurement practices on the organizational performance of Tenwek Hospital.

Agency Theory

Meckling and Jensen (1976) proposed the Agency Theory. Agency Theory deals with contractual representation relationships in which one or more persons (principal) delegate's decision-making powers to an agent and appoints another person (agent) to perform services on behalf of the principal. When performing an action in a principal-agent relationship, the agent must choose an action that affects both the principal and the agent. This theory explains why conflict occurs between actors (stakeholders) and agents (subjects) who drive organizational costs. Chrisidu-Budnik and Przedanska (2017) explained Agency Theory in relation to Purchasing Theory which helps all stakeholders involved in the purchasing process better understand the role they play in purchasing decisions.

Fayezi et al. (2012) argue that the behavior chosen by an agent affects the welfare of both, as the outcome of the procurement process can be either negative or positive for each actor. According to Bakker et al. (2008), principal-agent relationships are often built because agents have more skills, opportunities, and/or time to perform the desired task. This is based on the fact that the principal motivates the agent to perform work for his or her own benefit, but not necessarily for the agent's benefit. Fayezi et al. (2012) add that according to basic Agency Theory, agents are bound to perform certain actions on behalf of the principal. However, the principal must provide any information relating to the product, service, or operation. This is because the agent's failure is essentially the principal’s failure.

The procurement department is considered an agent of an organization because it has information about markets that the organization does not have. As such, they act on behalf of the organization and must act in its best interest and there must be no conflict of interest (Chemoiywo, 2014).

Agency Theory applies to this study because it explains the importance of stakeholder involvement in the decision-making process for purchasing medicines and medical supplies used as hospital aids. The theory in this study reveals that the involvement of stakeholders in the procurement practices of medicines and medical supplies in Tenwek Hospital can impact the outcomes in the procurement process and ultimately the overall performance of the hospital.

Resource-Based View Theory (RBV)

The Resource-Based View (RBV) Theory was first proposed by Barney in 1991. From a resource-based perspective, the strategist selects a strategy or competitive position that best utilizes internal resources and competencies before considering external competencies. A line of business known as outsourcing refers to the process of combining the efforts of service recipients and service providers into one relationship. Considering strengths and weaknesses, a Resource-Based View takes a look at different aspects. In terms of specific business activities, the organization’s resource perspective influences its competitive advantage and core competencies. Resources within a company include both tangible and intangible assets. Using productive resources is the premise of the resource-based approach, says Barney (1991).

The RBV Theory has been widely applied across a range of industries, including manufacturing, service, and technology industries, to help organizations better understand their competitive advantage and develop strategies that leverage their unique resources and capabilities (Wernerfelt, 1984; Teece et al., 1997).

Combined strength, appropriate skills, and resources are essential elements that service providers use to create high-quality products. RBV Theory focuses more on a company's internal resources than on external opportunities and threats created by production conditions. There are typically several dedicated resources assigned by each organization, which are constantly modified as business conditions change. Therefore, businesses need to develop dynamic capabilities that can adapt to changes in their environment. Capabilities play a significant role in this process by allowing the effective combination and rearrangement of organizational skills, resources, and functions to respond to shifting environmental needs (Pettus, 2001).

According to this theory, to build a Sustainable Competitive Advantage, valuable resources must provide economic benefits. These resources must be scarce, difficult to imitate, non-substitutable, and not readily available on the market to provide the company with the necessary competitive advantage. Furthermore, according to this theory, the main characteristics of a scarce resource are determinants of a firm's performance, a rarity that makes it valuable, immovable, and inimitable, and a non-substitutable resource that cannot be replaced with another scarce resource (VRIN). Competitive advantage results with VRIN (Pettus, 2001).

In conclusion, the RBV Theory is a valuable framework for understanding the role of resources and capabilities in achieving SCA. By developing unique resources and capabilities that are difficult to replicate, and investing in dynamic capabilities to adapt and innovate over time, firms can achieve SCA and long-term success.

In this rapidly changing business environment, procurement is becoming a critical element and has key strategic significance for many organizations. Therefore, the RBV Theory is relevant to the current study as it informs procurement practice variables. It additionally explains the adoption of good procurement practices of medicine and medical supplies to gain competitive advantage and influence hospital performance by allocating resources where it is needed in terms of financial performance and improved healthcare services.

Stakeholders' Engagement and Organizational Performance

Stakeholder Identification

Stakeholder identification is a vital aspect of initiating a project, as per Das et al. (2022). It is necessary to regularly revise the stakeholder identification process over time. The purpose of identifying stakeholders is to know all individuals, groups, or organizations that are connected to the procurement process who could potentially impact or be impacted by procurement decisions, activities, or outcomes. This process is crucial to ensuring the success of the procurement process and the overall project (Johnson & Klassen, 2022).

Stakeholder identification not only involves identifying all relevant parties, but it also involves examining and documenting crucial information about these stakeholders, such as their interests, levels of involvement, interconnections, levels of influence, and potential impact on the success of the project. This information helps in understanding the stakeholders better, including their motivations, goals, and how they might impact the procurement process and project outcomes. Having a clear understanding of these factors is essential in managing stakeholder relationships and ensuring the success of the project (Johnson & Klassen, 2022).

Furthermore, Benn et al. (2016) believe that comprehensively identifying all stakeholders in the early stages of a project is crucial for effectively managing the procurement process. By including all stakeholders' interests at the planning stage, the process becomes more manageable. However, if any new stakeholders are identified later on, and their needs are understood, the plans may have to be revised to take into account these additional requirements. This approach helps to ensure that the procurement process is inclusive and takes into consideration the interests of all stakeholders involved.

According to Bohari et al. (2020), the significance of stakeholder identification cannot be emphasized enough. When stakeholders are thoroughly identified, the organization is in a stronger position to effectively manage and engage with them, turning them into advocates and supporters. The goal of stakeholder identification is to recognize all bodies who are impacted by the organizations actions or have a vested interest in these actions, either directly or indirectly. This information is crucial in ensuring that the organization's activities take into consideration the needs and interests of all relevant parties (Benn et al, 2016). It is crucial in procurement to accurately identify the key stakeholders within the business. By understanding these stakeholders, it becomes easier to comprehend their wants, priorities, and level of influence within the organization. Properly identifying the right internal stakeholders helps procurement functions to improve organizational performance (Bohari et al., 2020).

To summarize, Agyekum et al. (2022) assert that engaging stakeholders is crucial for obtaining knowledge and ideas in procurement. Internal stakeholder communication provides valuable insights into various aspects, such as strategic issues, cost reduction, added value, compliance, and organizational profits (Agyekum et al., 2022). Cankaya and Sezen (2018) emphasize the importance of procurement teams being attentive listeners and utilizing stakeholders' ideas from their interactions. Additionally, identifying and comprehending key stakeholders enables the procurement team to comprehend their needs, priorities, and areas impacted by procurement decisions (Waheed & Yang, 2019).

Stakeholder Active Involvement

Organizations today are constantly seeking ways to gain a competitive advantage in the business world. One strategy they often implement is involving stakeholders in their strategic operations. Stakeholders can bring valuable contributions in various capacities, but their involvement in procurement is particularly significant as it affects the overall functioning of the organization. By involving stakeholders, organizations are more likely to improve performance (Mayende & Omwenga, 2018).

Managers play a critical role in ensuring the success of an organization, and they put in significant effort and resources towards achieving this goal. One key aspect of successful management is involving stakeholders, as it has been identified as a crucial success factor in any project within the organization (Magassouba, et al., 2019). Stakeholder involvement provides valuable input and insights, allowing managers to make better-informed decisions that can drive the success of their projects and the organization as a whole.

In addition, Scott and Lane (2000) asserted that stakeholder involvement helps organizations to better understand the impact of their decisions on different groups of people, and it can foster constructive relationships and cooperation. This can lead to improved performance and risk management, as well as better decision making and predicting of future challenges. Furthermore, involving stakeholders in the procurement process can also help organizations meet their objectives and respond to changes in the market and environment. As a result, stakeholder involvement is a crucial aspect of procurement and a vital component for organizations to achieve their goals and gain a competitive advantage in the business world (Mayende & Omwenga, 2018).

Freeman et al. (2010) emphasized that stakeholder involvement is crucial for the survival of an organization. Hence, stakeholder consultation is vital in the procurement process to incorporate diverse perspectives and ensure effective decision-making (Johnson & Klassen, 2022). Effective stakeholder management is critical for addressing constraints of time, cost, and quality and for determining the success of a project (Kivits & Sawang, 2021). Therefore, managers should prioritize stakeholder involvement to fulfill both user and organizational requirements.

In summary, Österle et al. (2015) highlight that stakeholder consultation can bring valuable insights and improve organizational performance while avoiding potential risks. By fostering constructive relationships, stakeholder consultation provides understanding of organizational matters and facilitates better decision-making and prediction of future challenges (Österle et al., 2015). Agarchand and Laishram (2017) also emphasize the importance of stakeholder consultation as a means of communication and building strong relationships with stakeholders who may be impacted by organizational decisions. The purpose of stakeholder consultation is to gather input from a diverse group of individuals, so everyone is aware of changes in decisions regarding procurement (Peel et al., 2022).

In conclusion, stakeholder engagement and involvement are integral components of organizational performance, particularly in the context of procurement practice. The process of stakeholder identification enables organizations to understand the interests, involvement levels, and potential impacts of various stakeholders on procurement activities. By actively involving stakeholders, organizations can harness valuable insights and contributions to enhance products, services, and overall organizational success. Effective stakeholder management fosters constructive relationships, cooperation, and better decision-making, ultimately driving organizational performance and success. Therefore, prioritizing stakeholder engagement and involvement in procurement processes is essential for organizations to achieve their goals, address constraints, and gain a competitive edge in the business environment.

Procurement Planning and Organizational Performance

Need Identification

Procurement stands as a pivotal profession, wielding substantial influence over the efficient management of organizational resources, as emphasized by Marius (2017). Ineffectual procurement systems within an organization can serve as a catalyst for subpar service delivery outcomes. One of the critical aspects impacting service delivery is procurement planning. Anane et al. (2019) underscores this point, noting the significant contribution of procurement planning to enhance the efficiency and effectiveness of service delivery within organizations. By strategically orchestrating procurement activities, organizations can streamline processes, optimize resource allocation, and ultimately bolster their capacity to deliver high-quality services to stakeholders.

Part of procurement planning is the procurement need identification process, which explains why an organization wants to buy goods, services, or works (Obura, 2020). It is the process of identifying an organization's needs for purchasing goods and services, when to acquire them, and how to pay for them so that the organization can run smoothly. However, it is difficult to meet all procurement requirements and goals if this stage is not properly governed. As a result, the performance of the organization may be severely compromised.

Before beginning procurement planning, it is essential to define the reasons for the need to purchase goods or services and to plan for the risks associated with those purchases (Obura, 2020). Watkins and Kavale (2014) assert that it is essential to identify the need rather than the want, so that the context is clearly understood and agreement is reached. In order to guarantee that the planned work will result in the desired outcomes, this step requires thorough assessment before making any purchase decision. (Zahari et al., 2019).

The key to effective procurement planning is to use analysis to match market knowledge with demand. Identification of procurement needs is necessary because it helps procurement units meet their preconditions and achieve their intended goals, which in turn improve organizational performance (Sutduean et al., 2019).

Acquisition Process

According to Afolabi et al. (2022), the initial step in the procurement process involves preparing a purchase requisition, which is essential for acquiring goods and services. This requisition must be meticulously completed and documented by an authorized staff member representing the requesting department before being submitted to the procurement department. Subsequently, the procurement team takes charge of sourcing and acquiring the items specified in the requisition, employing a predefined acquisition strategy to guide decision-making processes.

Maintaining a smooth procurement cycle necessitates the availability of adequate budgetary resources. Rao et al. (2006) stress the importance of having sufficient funds allocated in advance to minimize the need for emergency orders and prevent stock outs. Integrating procurement planning with the allocated budget is paramount, a practice supported by regular market research conducted by the procurement department, as advocated by the Public Procurement Oversight Authority (2008).

Efficient management of procurement costs and the purchasing acquisition process can yield substantial benefits for organizations, including cost savings and enhanced performance. Afolabi et al. (2022) underscore the significance of procuring goods and services at the most competitive prices possible. By effectively managing procurement expenses and processes, organizations can optimize their resources and improve their overall performance.

Lead Time

The amount of time between the start and finish of a process is known as lead time. Lead time in procurement is the time taken from the initial effort made to acquire goods or services all the way through their arrival (Jovanović et al., 2022). In other words, procurement lead time refers to the typical period between placing an order and receiving the materials. This timeframe can be broken down into internal lead time, which involves the time needed for organizational procedures before placing the order, and external lead time, which encompasses the interval between order placement and drug receipt (Gupta & Kant, 2004).

It is essential to the success of a procurement process to have a clear understanding of the lead time, which will allow managers to plan the procurement procedures more effectively and guarantee a smooth operation. In addition, decreasing the time it takes to replenish inventory can lead to lower safety stock needs and enhance healthcare delivery (Chandra & Grabis, 2008). According to Darko et al. (2018), lead time is determined by the characteristics of the product, such as if an order is made or an off-the-shelf item is purchased. Lead time is also affected by planning and supply chain management, the logistics, and, supplier to customer distance.

Purchasing strategies that were successful in the past now appear to be incomplete due to ongoing advancements in transportation and information communication technologies. The majority of businesses are focusing on improving their supply chains to sustain their competitive advantage in the current global environment. Increased value of customers, profitability, shorter lead times, lower costs of inventory, and new and unique products and services are all benefits of an effective supply chain (Iqbal & Iqbal, 2018).

When managers possess a comprehensive understanding of their organization's lead time, they gain insight into every step of the product's journey until its delivery. This awareness enables them to assess the efficiency of each process involved and identify areas where improvements can be made. If the lead time is deemed unfavorable, strategies and plans can be devised and put into action to mitigate and reduce this period, as suggested by Chandra and Grabis (2008). Furthermore, by identifying errors, bottlenecks, and prolonged wait times throughout the process, managers can pinpoint specific areas that require attention and optimization. Addressing these issues allows for the streamlining of operations and the enhancement of organizational performance. Through continuous monitoring and improvement of lead time-related processes, organizations can effectively optimize their performance and ensure timely delivery of products or services.

In conclusion, this study highlights the critical role of procurement planning in improving organizational performance, focusing on need identification, the acquisition process, and lead time management. Effective procurement planning begins with thorough need identification, engaging stakeholders to align procurement activities with organizational goals. The subsequent acquisition process involves preparing purchase requisitions, sourcing goods and services, and integrating procurement planning with budgetary resources to ensure cost-effectiveness and smooth operations. Efficient procurement practices contribute to cost savings and improved performance. Lead time management is crucial for streamlining operations and ensuring timely delivery of products or services. By prioritizing procurement planning, organizations can optimize their processes and drive sustainable growth and success.

Supplier Management and Organizational Performance

Supplier Selection

Supplier selection is widely considered as the most crucial responsibility of the procurement function as the suppliers of an organization can have an impact on the protected suppliers, back-up suppliers, reserving additional capacity. Emergency stock organizations believe that appropriate supplier selection can help decrease costs for products and materials while guaranteeing a high level of quality and customer service (Anguandia, 2018).

It is also considered that supplier selection process is vital for increasing an organization’s competitiveness and requires evaluating various potential suppliers based on different criteria. Supplier selection, which involves both qualitative and quantitative factors, is a critical aspect of supply chain management and a multiple criteria decision making (Taherdoost & Brard, 2019). According to Grondys (2015), when selecting potential suppliers, it is important to consider: identifying the needs arising from material requirements, their characteristics, the required quantity, and delivery time, etc.; determining how the organization plans to meet these material needs; identifying potential suppliers; and lastly, specifying the criteria for assessing and selecting suppliers.

It is clear that the proper selection of suppliers can result in lower purchasing costs, increased profitability, shorter product lead times, heightened customer satisfaction, and increased competitiveness. This is why it is a top priority for purchasing organizations. Despite its importance, there is no set method for supplier selection and the approach must be tailored to the specific circumstances at hand (Taherdoost & Brard, 2019).

Supplier Evaluation

Supplier evaluation is a process that undergoes qualitative and quantitative assessment in approving potential suppliers (Laosirihongthong et al., 2019). The aim of supplier evaluation is to establish a collection of top-performing suppliers that can be engaged, and also to assess and track the performance of existing suppliers (Mutai & Okello, 2016).

Supplier evaluation helps the organization decrease the expenses associated with procurement, minimize the potential risks from suppliers and promote ongoing development. The evaluation process also ensures that the organization has access to a selection of superior suppliers. Additionally, evaluating the performance of suppliers is crucial for enhancing operational efficiency, and improving overall organizational performance (Nzuma, 2022).

Initially, the evaluation and assessment process requires determining the key decision factors against which potential suppliers will be evaluated. Then, evaluation criteria are chosen to measure the suitability of a supplier. Next, weights are assigned to attributes to determine the importance and impact of each criterion on the supplier evaluation and assessment. The attributes may include several sub-attributes. Finally, potential suppliers are evaluated against the characteristics identified in the first step (Choy & Lee, 2002 as cited by Mwikali & Kavale, 2012).

In conclusion, effective supplier management plays a pivotal role in enhancing organizational performance, encompassing supplier selection and evaluation processes. Supplier selection is a critical responsibility of procurement functions, influencing costs, quality, and delivery reliability of products. By carefully evaluating potential suppliers based on various criteria, organizations can enhance competitiveness and ensure optimal performance. Additionally, supplier evaluation processes enable organizations to identify top-performing suppliers, mitigate procurement risks, and promote ongoing improvement. Through systematic supplier selection and evaluation, organizations can achieve cost reduction, enhance operational efficiency, and ultimately improve overall organizational performance.

Organizational Performance

Organizational performance is a concept encompassing the efficient utilization of resources to achieve goals, ensuring optimal service delivery, and minimizing employee burden (Ismael et al., 2021). The effectiveness of an organization's performance is basically tied to both internal and external environments, serving as a determining factor for success or failure (Ichsan et al., 2021). Acknowledging these influences, administrators must navigate and leverage these environments to enhance organizational effectiveness.

In service-oriented sectors like hospitals, the assessment of organizational performance is mainly linked to service delivery, with patient experience playing a pivotal role in evaluating service quality (Alshurideh, 2022). The healthcare industry, in particular, places a significant emphasis on the level of healthcare provided, considering it a critical benchmark for progress in various strategic and operational facets of an organization (Phiri, 2015).

Within the healthcare landscape, the term "quality of healthcare" is often synonymous with "efficiency," suggesting that healthcare organizations aim for operational efficiency to deliver high-quality services to patients (Department of Health, 2001, as cited by Phiri, 2015). This underscores the integral relationship between efficient processes and the delivery of quality healthcare services.

Moreover, studies by Moynihan and Pandey (2007) emphasize that effective organizational performance is contingent on the alignment of internal processes and structures with the broader external environment. The dynamic interplay between these factors is critical for achieving organizational objectives and ensuring sustained success.

Additionally, the role of leadership in organizational performance cannot be understated. Leadership practice and style significantly impact organizational effectiveness (Bass & Riggio, 2006). Effective leadership fosters a positive organizational culture, motivating employees, and enhancing overall performance.

Furthermore, the concept of organizational performance extends beyond financial metrics. In their comprehensive analysis, Ittner and Larcker (2003) argue for a balanced approach, incorporating both financial and non-financial indicators to provide a holistic view of organizational performance. This perspective aligns with the idea that the variety of indicators and criteria offer a comprehensive understanding of how an organization is performing (Ensslin et al., 2022).

Financial Performance

To evaluate organizational performance, a reliance solely on traditional financial ratios, particularly backward-looking balance sheet ratios, proves insufficient. While these ratios provide insights into past decisions and outcomes, they lack the predictive capacity necessary for anticipating future business performance (Ensslin et al., 2022). Recognizing the limitations of a singular performance measure, it becomes imperative to employ a diverse set of indicators and benchmarks. This approach, advocated by Ensslin et al. (2022), ensures a more holistic understanding of organizational performance, encompassing various dimensions.

Within the healthcare sector, the significance of procurement practice in shaping financial performance is pronounced. Efficient procurement of goods and services emerges as a pivotal factor contributing to cost reduction, enhanced profitability, and overall financial well-being for healthcare organizations. Numerous studies highlight the substantial impact of procurement practice on financial outcomes, emphasizing critical elements such as supplier selection, negotiation, and management (Munim & Schramm-Klein, 2021).

Research conducted by Munim and Schramm-Klein (2021) underscores the potential for significant cost savings through effective procurement practices. This extends to reduced inventory, lower transportation expenses, and decreased purchasing costs, all of which directly contribute to enhancing financial performance. Furthermore, the positive implications of streamlined procurement extend beyond mere cost reduction. According to Rotta et al. (2023), one of the pivotal elements that significantly affects cash flow is the specific terms negotiated for payments with suppliers. In other words, the agreed-upon conditions and timelines for settling financial obligations with suppliers play a crucial role in determining the cash flow of an organization.

The impact of procurement practices on financial performance extends beyond immediate cost considerations. It encompasses a strategic alignment of procurement processes with broader organizational goals, ensuring sustained financial health and competitiveness. As organizations strive for comprehensive insights into their performance, adopting a diversified approach to performance indicators and benchmarks, as recommended by Ensslin et al. (2022), becomes paramount. This multifaceted perspective facilitates a forward-looking assessment crucial for steering organizations toward enduring financial successs.

Improved Healthcare Services

The quality of medical services encompasses various factors, including the integration of cutting-edge technologies, the presence of skilled and competent healthcare professionals, the availability of effective medications, and maintaining an optimal staff-to-patient ratio to ensure efficient service delivery, as highlighted by Nodirovna et al. (2022).

Effective procurement practices play a pivotal role in enabling healthcare organizations to acquire high-quality goods and services, thereby positively impacting patient outcomes. For example, proficient procurement strategies facilitate the acquisition of top-tier medical devices, pharmaceuticals, and other essential healthcare supplies, consequently enhancing patient safety and overall health outcomes, as noted by Lingg et al. (2016). Ensuring the availability of vital medical resources is a fundamental aspect of efficient procurement practices, echoing the sentiments of the World Health Organization (2018a).

Furthermore, procurement practices such as meticulous supplier selection and management are instrumental in guaranteeing that healthcare organizations engage with suppliers who meet stringent quality standards and adhere to ethical business practices, as suggested by Munim and Schramm-Klein (2021).

The correlation between enhanced healthcare services and organizational performance extends to financial implications. Efficient healthcare services not only lead to cost savings but also contribute to increased revenue generation and improved financial sustainability. Investments in quality improvement initiatives and initiatives aimed at enhancing patient satisfaction have been shown to yield positive financial returns, as evidenced by the research of Hussey et al. (2009).

Procurement Practices and Organizational Performance

Researchers have consistently acknowledged the significant impact of procurement practices on organizational performance. Georgino et al. (2021) contributed to this understanding by revealing a positive correlation between procurement process and organizational performance, highlighting the crucial role procurement plays in driving financial success. Similarly, Hong and Kwon (2012) emphasized the influence of procurement strategy on firm performance, underscoring the strategic importance of effective procurement practices in achieving sustainable competitive advantage. These studies collectively underscore the essential link between procurement activities and favorable outcomes for an organization.

Delving deeper into the economic principles that underpin purchasing and supply management, Islam et al. (2017) provided valuable insights into the intricate dynamics of procurement practices. Their work illuminated how economic factors shape procurement decisions and ultimately impact organizational performance. Furthermore, Leiyan (2016) offered a strategic perspective on managing procurement, highlighting its integral role in organizational development. By emphasizing the strategic significance of procurement management, they underscored its potential to drive growth and efficiency within organizations. Together, these studies contribute to a deeper understanding of the economic foundations of procurement and its implications for organizational success.

Literature Review Gap

The existing literature on the impact of procurement practices on organizational performance has provided valuable insights into various aspects of this relationship. Although several studies have examined the impact of procurement practices on organizational performance in the healthcare industry, there is a gap in the literature regarding the role of procurement practices in the context of faith based hospitals and clinics in developing countries. Existing research predominantly centers on public and private health facilities mostly in developed countries, leaving a critical research gap in comprehending the unique dynamics of procurement practices, particularly within faith-based health organizations, situated in the specific context of developing nations. Furthermore, it is imperative to empirically investigate the impact of procurement practices of medicine and medical supplies on the overall sustainability of healthcare organizations, as sustainable procurement practices can help healthcare organizations achieve long-term financial and quality service delivery goals (Kakish et al., 2020).

CHAPTER 3

METHODOLOGY

Research Design

The primary focus of this study was to examine the impact of medicine and medical supplies procurement practices on the performance of Tenwek Hospital. Employing a quantitative approach, the study engaged in the collection and analysis of numerical data to derive meaningful insights. A causal cross-sectional research design was utilized, aiming to investigate the relationship between the independent variables of procurement practices and the dependent variable of Tenwek Hospital's performance. The findings contribute valuable insights into the nuanced ways in which procurement practices can influence hospital's performance, thereby aiding in the development of clear and effective strategies for the procurement of medicine and medical supplies.

Population and Sampling

In this study, the population consisted of various categories of individuals, in healthcare, procurement, and finance roles within Tenwek Hospital. Health professionals get involved in procurement by actively participating in the assessment of medicine and medical supply needs, demand forecasting, and procurement planning processes. Their input ensures that the hospital acquires the necessary medicines and medical supplies to meet patient care requirements effectively to generate income. In the value chain, their involvement ensures alignment between clinical needs and procurement decisions, ultimately contributing to the delivery of quality healthcare services and achieving favorable financial performance.

Focusing on Tenwek Hospital allows for a focused, detailed, and controlled investigation into the impact of procurement practices on organizational performance within a specific healthcare context. The hospital's size and operational scope provide an ideal setting for gaining comprehensive insights into procurement practices, making it a valuable case study for this research. The table below presents the classification of the target population:

Table 1. Target Population

Category	Target population
Healthcare Professionals	522
Procurement Officers	34
Finance Officers	41
Total	**597**

Source: Tenwek Hospital Human Resource Office, 2023.

According to Sekaran and Bougie (2016), determining the appropriate sample size can be achieved by using the formula ($n= N/ (1+N (e))^2$), where N is the total population size, n is the desired sample size, and e^2 represents the probability of making an error.

Purposive sampling involves selecting participants based on specific criteria relevant to the research objectives, ensuring they possess the necessary expertise or experience. This is to target individuals with diverse perspectives and accessibility while prioritizing key characteristics relevant to the study. The aim is to create a representative sample that contributes valuable insights to address the research questions effectively (Nyimbili & Nyimbili, 2024).

To ensure the selection of suitable and representative participants for the study, a strategic combination of purposive sampling and simple random sampling methods was employed. The purposive sampling method played a pivotal role in selecting department heads, and individuals crucial to decision-making processes impacting procurement practices and organizational performance. Employing purposive sampling was essential for this study as it facilitated the gathering of pertinent data from individuals occupying pivotal roles in decision-making concerning the procurement of medicine and medical supplies. The criteria for choosing department heads were based on their demonstrated expertise and extensive experience within their respective departments.

The remaining participants were selected using the simple random sampling method, ensuring an unbiased and equal opportunity for all potential participants (Sekaran & Bougie, 2016). This method mitigates potential biases that might emerge during the selection process, promoting fairness in participant representation. The synergistic use of purposive and simple random sampling methods facilitated the inclusion of a diverse participant group capable of providing useful information into both procurement practices and organizational performance within the hospital. Purposive sampling for department heads ensured the involvement of decision-makers with pertinent expertise, while simple random sampling guaranteed the representation of employees from various departments.

In essence, the combined approach of these two sampling methods aimed to ensure the selected participants accurately reflected the broader population of hospital employees. This inclusivity reinforced the study’s potential to offer findings with broader applicability, serving as a foundation for informing procurement practices and enhancing overall organizational performance. The subsequent presentation details the formula employed to determine the sample size.

Where:

n = sample size

N = population size

e = the level of precision

1 = Constant.

The formula used in this context assumes a proportion of variability of 0.5, a precision level of 5%, and a confidence level of 95%. Applying the formula to the 597- target population, the sample size for the study will be:

$$n = \frac{N}{1 + N(e)^2}$$

n = 597/ {1+ 597 (0.05) 2}

n = 240

The sample size for the study, therefore, comprised 240 respondents as distributed in Table 2.

Table 2. Sample Size

Category	Target Population	Ratio	Sample Size
Healthcare Professionals	522	0.88*240	211
Procurement Officers	34	0.05*240	12
Finance Officers	41	0.07*240	17
Total	**597**		**240**

The Instrument for Data Collection

The study employed a self-administered questionnaire consisting of a set of closed questions for all participants. Structured questionnaires, as noted by Joffe (1992), are a common data gathering method used to gather information from a sample population. The content of the questionnaires of this study was directed by the research questions and conceptual framework of the study. Moreover, the questions were also inspired by prior research by Leiyan (2016), and Wambua and Kagiri (2019).

The survey instruments were designed in a manner that allowed participants to complete them at their own convenience. The survey questions consisted of five sections where section "A" was about the demographic details of the respondents. The remaining four sections (B, C, D, and E) were related to the variables of the study. They consisted of closed-ended questions that employed a five-point Likert scale, where each point was assigned a number and abbreviation indicating its definition. The Likert scale, a commonly used measurement tool, is appropriate for measuring social science parameters such as attitudes, values, behavior, and beliefs, as highlighted by Kothari and Gaurav (2014).

The following table, (Table 3) displays the manner in which questions regarding independent and dependent variables were interpreted, including a verbal explanation of the Likert scale scores. This table was utilized to analyze the findings.

Table 3. Interpretation of the Questionnaire Score

Scale	Response	Mean Interval	Interpretation
1	Strongly Disagree	1.00 – 1.49	Very low level of stakeholder engagement/ procurement planning/ supplier management/performance
2	Disagree	1.50 – 2.49	Low level of stakeholder engagement/ procurement planning/ supplier management/performance
3	Neutral	2.50 – 3.49	Average level of stakeholder engagement/ procurement planning/ supplier management/performance
4	Agree	3.50 – 4.49	High level of stakeholder engagement/ procurement planning/ supplier management/performance
5	Strongly Agree	4.50 – 5.00	Very high level of stakeholder engagement/ procurement planning/ supplier management/performance

Source: Bringula et al., (2012).

Instrument Validity and Reliability

The validity of a measurement refers to its accuracy. To ensure the validity of the instrument, I conducted a series of evaluations, including seeking the opinions of subject matter experts such as senior finance and procurement officers and primary and secondary supervisors. By obtaining feedback from these experts, I confirmed the relevance of the statements in the questionnaire and determined if they were understandable, meaningful, and objective. Based on their evaluation, the questionnaire was revised before the final data collection process began.

To test the reliability of the instrument, a pilot study was conducted as a means of gathering data in order to know whether the construct is clear and whether other respondents can perceive the question similarly. The pilot study was conducted on 15 employees of Tenwek Hospital satellite clinic, which is a branch of Tenwek Hospital that has expertise similar to the subjects included in the sample population. The staff at the Tenwek Hospital satellite clinic were not included in the main study.

This study considered Cronbach's alpha coefficients larger than 0.6 to produce this from test data. According to Sekaran and Bougie (2016), questionnaire items with Cronbach's alpha values of more than 0.7 are reliable and have a high level of internal consistency.

Table 4. Cronbach's Alpha Values for Each Variable

Variable	Cronbach's Alpha Coefficient	Number of Items
Stakeholder Engagement	0.947	9
Procurement Planning	0.920	9
Supplier Management	0.785	12
Organizational Performance (Financial Performance)	0.734	4
Organizational Performance (Improved Healthcare Services)	0.835	4

Source: Survey Results and SPSS Computation, 2023

Data Collection Procedure

After the School of Postgraduate Studies at the Adventist University of Africa approved the research proposal, the first step in data collection was to secure permission from Tenwek Hospital. A letter from Adventist University of Africa MBA program coordinator and a consent form for the questionnaire were submitted for approval to Tenwek Hospital. Upon approval, the hospital management appointed a representative from the institution to aid in data collection, who was trained by me beforehand. Respondents filled out self-administered questionnaires, with enough time given to ensure high response rates.

Method of Data Analysis

The data obtained from respondents were analyzed using the Statistical Package for the Social Sciences (SPSS) software version 27. After the data collection was completed, the data collected from the questionnaires were analyzed using descriptive statistics (mean and standard deviation), Pearson correlation and multiple regression to measure to what extent the independent variables in the study have an effect on the dependent variable which helps to answer the research questions.

Ethical Considerations

I complied with all ethical considerations related to the research. Areas of interest, including confidentiality, data protection, participant dignity, and informed consent, were meticulously addressed. Prior to data collection, participants were provided with consent forms that explained the purpose of the study and requested consent through signatures. The form guaranteed several key elements, such as voluntary participation, complete anonymity of the respondent's personal data, and confidentiality of the provided information. The respondents were assured that the data were to be used solely for academic purposes.

During the data collection process, I respected individual rights, prioritized privacy and confidentiality, and coded the data for interpretation. Results were interpreted correctly and sensibly. Authorization was obtained from the hospital's management before the study proceeded Participants were also granted the right to withdraw from the study at any stage if they wished to do so.

CHAPTER 4

FINDINGS AND DISCUSSION

This chapter presents the findings of the study and analyzes the data with respect to the research questions introduced in the first chapter. Furthermore, it establishes the criteria for accepting or rejecting the hypothesis.

Study Area Setting

This research was conducted at Tenwek Hospital, located in the South West region of Kenya in proximity to Bomet Town. Tenwek Hospital stands out as one of the largest faith-based referral hospitals, serving over 600,000 people in a 32 km radius and acting as a referral center for more than 10 million individuals in the region (Samaritan’s Purse, 2022). With a capacity for 361 beds, the hospital offers a comprehensive array of medical services and specialized care, holding the prestigious designation of a Level 6(b) teaching and referral hospital, emphasizing its commitment to advancing medical education and practices (Tenwek Hospital, 2023).

This study delved into the procurement practices related to medicine and medical supplies at Tenwek Hospital. The objective was to acquire a comprehensive understanding of the hospital's procurement practices and their effect on the hospital’s performance. This research aimed to shed light on how procurement practices related to medicine and medical supplies influence Tenwek Hospital's organizational performance, specifically in terms of financial effectiveness and the improvement of health services.

Response Rate

Achieving an optimal response rate is crucial for the success of a research study, especially within the healthcare sector where a response rate of 60% or more is considered desirable (Fincham, 2008). Data for this research were collected at Tenwek Hospital, with a sample size of 240 respondents. A 100% response rate was achieved from the participants. This exceptional outcome was the result of diligent efforts to collect data from the entire target population of the study. Several factors contributed to this high response rate, including clear communication, personalized outreach, timely follow-up, and the assurance of confidentiality. In addition, the hospital management also contributed to this success by assigning a representative from the hospital staff to assist in the data collection process. These efforts ensured full participation from all eligible participants, leading to a comprehensive dataset for analysis.

Demographic Characteristics of Respondents

The first characteristic that was analyzed was the gender distribution of the respondents. The table 5 below shows the frequency and percentage.

Table 5. Gender Distribution of Respondents

Gander	Frequency (f)	Percent (%)
Female	108	45
Male	132	55
Total	240	100

Source: Survey Results and SPSS Computation, 2023

These data illustrate the distribution of genders among the research respondents, revealing that 45% of the total respondents were female (108 individuals), while 55% were male (132 individuals).Therefore, based on the data provided, the study had a slightly higher representation of male respondents (55%) compared to female respondents (45%).

The age distribution of respondents, as shown in the table 6 below reveals a diverse demographic pattern. A substantial majority, constituting 74.17% of the sample, falls within the age bracket of 18-35, signifying a significant representation of younger individuals in the survey

Table 6. Age Distribution of Respondents

Age Group	**Frequency**	**Percent**
18-35	178	74.17
36-45	46	19.16
46-55	14	5.83
56 and up	2	0.83
Total	240	100

Source: Survey Results and SPSS Computation, 2023

. Additionally, 19.16% of respondents fall within the 36-45 age group, underlining a notable proportion within a slightly older range. Further diversifying the sample, 5.83% of respondents are aged 46-55, showcasing a smaller yet considerable portion. However, a minimal percentage, merely 0.83% (2 individuals), represents individuals aged 56 and above, suggesting a lower representation of older age categories.

These data portray a diverse age composition among respondents, with a pronounced concentration in the younger age group (18-35). As the age categories progress, the proportion of respondents gradually declines, revealing a distinctive pattern in age representation.

Table 7. Educational Level

Category	Frequency	Percent
No formal education	3	1.3
Certificate	13	5.4
Diploma	155	64.6
Bachelor	56	23.3
Masters	12	5.0
PhD	1	0.4
Total	240	100

Source: Survey Results and SPSS Computation, 2023

The educational level of the respondents in this study reveals a diverse representation. A small portion, approximately 1.3% (3 individuals), have no formal education. Moving up the educational ladder, 5.4% of respondents hold certificates, indicating a foundational level of formal education. A substantial majority, constituting 64.6%, possess diplomas, representing a significant segment with intermediate-level educational attainment. Additionally, about 23.3% of respondents hold bachelor's degrees, signifying a noteworthy proportion of individuals with undergraduate education. Furthermore, 5.0% of respondents have attained master's degree level, showcasing a smaller yet significant group with postgraduate education. Lastly, a minimal percentage of 0.4% (1 individual) possesses a doctoral degree, underlining a lesser but present representation of individual with the highest academic achievement.

Overall, the data portrays a diverse educational background among the respondents, with a significant portion holding diplomas and bachelor's degrees, reflecting a varied range of educational attainments within the sample.

Regarding the years of working, approximately 15.8% of respondents possess less than 1 year of work experience, signifying a relatively small but nonetheless tangible segment of the sample. Similarly, 15.8% of respondents fall into the 1-2 years of work experience category, contributing to a consistent percentage in this range.

Table 8. Years of Working

Years of work	Frequency	Percent
less than 1 year	38	15.8
1-2 years	38	15.8
3-5years	73	30.4
6-10 years	51	21.3
11-20 years	24	10.0
21 years and above	16	6.7
Total	240	100.0

Source: Survey Results and SPSS Computation, 2023

Notably, the highest percentage, 30.4%, falls within the 3-5 years category, indicating a significant representation of individuals with a moderate level of work experience. A considerable portion of respondents, around 21.3%, demonstrate 6-10 years of work experience, underscoring a noteworthy segment within this mid-range category.

Furthermore, a smaller yet significant proportion, accounting for 10.0%, represents individuals with 11-20 years of work experience, adding to the diversity of the sample. Additionally, the category encompassing 21 years and above comprises 6.7% of the respondents, indicating a lesser but still present proportion with extensive work experience.

The data show a diverse distribution of years of work among Tenwek Hospital workers participating in the study. A substantial representation falls within the 3-5 years range, indicating a considerable presence of moderately experienced individuals. As the years of work increase, the percentage of respondents gradually decreases, portraying a discernible trend of declining representation in the higher experience categories.

Results and Discussion Based on the Research Questions

This section provides an overview of the survey results used for data collection in the study. The discussion in this section is organized based on the research questions outlined in Chapter One.

Research Question 1

What is the level of stakeholders' engagement in the procurement practices of medicine and medical supplies of Tenwek Hospital?

Stakeholder engagement encompasses the process and capacity to establish constructive partnerships with various hospital stakeholders, including healthcare professionals, procurement departments, and finance departments. This pertains to stakeholder identification, active involvement, and consultation throughout the medicine and medical supplies procurement process. Highlighting the significance of accurately identifying key stakeholders in procurement for improved organizational performance, Bohari et al. (2020) stress the importance of understanding stakeholder wants, priorities, and influence within the organization.

Table 9. Stakeholder Engagement

No:	Statements on Stakeholder Engagement	Mean	Std. Deviation	Interpretation
1	The procurement department identifies key stakeholders for its procurement process.	3.13	1.20	Average level of stakeholders' engagement
2	The hospital actively involves all relevant stakeholders in decision making process with regards to procurement.	2.85	1.28	Average level of stakeholders' engagement
3	The procurement team always consults key stakeholders in the procurement process in case of any change in selected .medicine and medical supplies.	2.98	1.26	Average level of stakeholders' engagement
4	In this hospital the feedback of identified stakeholders are well utilized in the procurement process.	3.04	1.19	Average level of stakeholders' engagement
5	The procurement department of the hospital periodically gathers key stakeholders opinion and suggestions to improve procurement of medicine and medical supplies.	2.93	1.23	Average level of stakeholders' engagement
6	The hospital applies stakeholder analysis report.	2.98	1.10	Average level of stakeholders' engagement
7	The procurement department adopts all the necessary corrective interventions recommended by stakeholders.	3.00	1.13	Average level of stakeholders' engagement
8	The hospital has put in place an elaborate stakeholder's engagement plan in procurement.	3.02	1.16	Average level of stakeholders' engagement
9	Before procurement of any medicines or medical supplies, all the stakeholders are informed and their inputs are sought.	2.8	1.25	Average level of stakeholders' engagement
	Aggregate score	2.97	1.2	Average level of stakeholders' engagement

Source: Survey Results and SPSS Computation, 2023

Looking at Table 9, the highest score, M=3.13; SD=1.20, indicates that respondents perceive the procurement department as relatively good in identifying key stakeholders for the procurement process. This observation aligns with Bohari et al. (2020) emphasis, suggesting a relatively positive view of stakeholder identification within Tenwek Hospital's procurement functions.

The implication of this high score is that the hospital most likely has mechanisms in place to identify relevant stakeholders, enabling them to understand the various perspectives and interests involved in procurement decisions. This can lead to more informed decision-making and better alignment of procurement activities with stakeholder priorities.

On the other hand, the significance of stakeholder involvement and consultation is underscored by Freeman (2010), who asserts that it is essential for organizational survival. Johnson and Klassen (2022) emphasize the importance of stakeholder consultation in the procurement process, as it ensures effective decision-making by incorporating diverse perspectives. The lowest score, M=2.80; SD= 1.25, suggests that, on average, respondents perceive that stakeholders are somewhat less frequently consulted and their inputs sought before procurement. The second lowest score, M= 2.85; SD=1.28, suggests that, on average, respondents have a somewhat less positive view of the procurement department actively involving all relevant stakeholders in decision-making. This indicates that there is an opportunity to enhance the active involvement of health professionals before procurement especially in case of unavailability of the first choice of medicine and medical supplies.

The implication here is that there may be missed opportunities for incorporating valuable insights and perspectives from stakeholders, particularly when facing challenges such as the unavailability of preferred medicine and medical supplies. This lack of active involvement could result in suboptimal procurement decisions and potential dissatisfaction among stakeholders.

The aggregate score further supports this interpretation, indicating that the overall average score, M=2.97; SD=1.2, aligns with the "Average level of stakeholder engagement".

Research Question 2

What is the extent of procurement planning in procurement practices of medicines and medical supplies of Tenwek Hospital?

The purpose of procurement planning is to identify and streamline the requisites for medicines and medical supplies and decide when to initiate procurement as needed.

The highest score, M=3.35; SD=1.13, indicates that the hospital performs well in conducting the acquisition process for medicine and medical supplies. It suggests that the procurement process is relatively well-structured, which is crucial for the timely and reliable procurement of necessary medicine and medical supplies. According to Afolabi et al. (2022), having a well-structured acquisition process ensures that purchase requisitions are appropriately prepared and documented, facilitating a systematic approach to obtaining goods and services.

Highlighting the importance of a clear understanding of lead time as decreasing the lead time to replenish inventory can lead to lower safety stock needs and enhance healthcare delivery, Chandra and Grabis (2008) emphasize that such clarity enables effective planning and ensures smooth operational procedures. The finding of the lowest score, M= 2.98; SD= 1.21, in this study suggests that the hospital's focus on procurement lead time and efforts to ensure uninterrupted service and patient care are slightly below the "Average" level. This observation, in connection with Chandra and Grabis (2008) insights, indicates potential room for improvement in managing procurement lead times, which could contribute to minimizing interruptions in service and enhancing overall operational efficiency.

Table 10. Procurement Planning

No:	Statements on Procurement Planning	Mean	Std. Deviation	Interpretation
1	The procurement team engages in needs identification process detailing the reasons why certain medicines and medical supplies have to be procured.	3.00	1.18	Average level of procurement planning
2	The hospital conducts proper acquisition process which includes purchase requisition, review of approval of order, and other relevant steps in accountable and expedited manner to procurement of medicine and medical supplies.	3.35	1.13	Average level of procurement planning
3	The procurement team always pays close attention to procurement lead time (the duration of order placement to receiving) to ensure uninterrupted service/patient care.	2.98	1.21	Average level of procurement planning
4	The procurement department ensures just in time purchasing system for non-emergent medicine and medical supplies.	3.10	1.16	Average level of procurement planning
5	Procurement team always ensures provision of needed medicine and medical supplies to the medical team just as they are required for use.	3.10	1.21	Average level of procurement planning
6	The procurement department always ensures medicines and medical supplies are received from suppliers before it is below a critical level with the aim of avoiding service interruption.	3.00	1.3	Average level of procurement planning
7	The management team embraces teamwork to deliver quality services effectively and efficiently, which starts with underpinning proper planning of procurement processes.	3.20	1.14	Average level of procurement planning
8	The procurement team ensures a clear and elaborate schedule of the timeframes for delivery of procurement of medicine and medical supplies.	3.12	1.16	Average level of procurement planning
9	The procurement acquisition involves implementation of relevant technologies to ensure adequate levels of medicines and medical supplies are maintained in stock.	3.12	1.17	Average level of procurement planning
	Aggregate score	3.11	1.18	Average level of procurement planning

Source: Survey Results and SPSS Computation, 2023

The aggregate score of M= 3.11; SD=1.18, represents the overall level of procurement planning across all statements. It falls within the "Average" category, indicating that, on average, the organization maintains an acceptable level of procurement planning practice.

The high mean score suggests that the procurement team is generally effective in key planning activities. This implies that the hospital likely has robust processes in place for acquisition, timely procurement, stock management, teamwork, and scheduling of procurement activities. Consequently, these practices contribute to the hospital's ability to maintain adequate levels of medicine and medical supplies, ensuring uninterrupted service delivery.

The slightly lower mean score indicates potential areas for improvement in procurement planning. For instance, the hospital may need to focus on enhancing the needs identification process, paying closer attention to procurement lead times, and ensuring timely receipt of supplies to prevent service interruptions. Addressing these areas could further optimize procurement planning processes and enhance overall efficiency in medicine and medical supplies management.

Research Question 3

What is the level of supplier management in the procurement practice of medicine and medical supplies of Tenwek Hospital?

Supplier management refers to a structured program or system designed to oversee the effective management of medicine and medical suppliers, with a particular emphasis on the selection and evaluation of suppliers. The World Health Organization (2018) publicly acknowledges that shortages of essential medicines are a significant global problem, often attributed to inadequate procurement practice and supply chain management issues.

Table 11. Supplier Management

No:	Statements on Supplier Management	Mean	Std. Deviation	Interpretation
1	The hospital has a robust supplier selection criterion to ensure superior and high-quality suppliers are selected.	3.00	1.20	Average level of supplier management
2	The procurement department conducts proper supplier evaluations to ensure that all the suppliers are meeting the hospital standards and requirements.	3.10	1.22	Average level of supplier management
3	The hospital evaluates its current suppliers periodically to ensure cost reduction is addressed.	3.17	1.24	Average level of supplier management
4	The hospital evaluates its current suppliers periodically to ensure stock-out problems are addressed.	3.09	1.14	Average level of supplier management
5	The hospital evaluates its current suppliers periodically to ensure delivery delay issues are addressed.	3.18	1.08	Average level of supplier management
6	The hospital works with suppliers to ensure the development of a comprehensive supplier portfolio.	3.25	1.07	Average level of supplier management
7	Due to the hospitals' strong supplier evaluation, there is no encounter of emergency orders.	2.82	1.20	Average level of supplier management
8	Certain kinds of suppliers are preferred by the hospital due to specific pricing agreement which at times affect stakeholder satisfaction.	3.38	1.18	Average level of supplier management
9	The suppliers sometimes supply an alternative medicine and medical supplies as opposed to what they are requested to supply.	3.25	1.11	Average level of supplier management
10	The suppliers sometimes commit to deliver the products that they do not have in stock or are yet to import which leads to critical stock outs in the hospital.	3.25	1.15	Average level of supplier management
11	The hospital sometimes runs in to stock-outs due to limited suppliers of certain items.	3.53	1.18	High level of supplier management
12	Supplier evaluation positively impacted the hospital's ability to manage costs and maintain profitability	3.35	1.02	Average level of supplier management
	Aggregate Score	3.20	1.15	Average level of supplier management

Source: Survey Results and SPSS Computation, 2023

The highest score of M=3.53; SD=1.02 in this study, indicates frequent stock-outs due to limited availability from suppliers, aligns with this concern. This observation not only highlights a potential disruption in hospital operations and patient care but also underscores a notable gap in the supplier management process. Addressing this gap is essential for improving both the financial performance of the hospital and its ability to provide improved healthcare services, as emphasized by World Health Organization (2018) recognition of the risks associated with shortages of essential medicines.

The lowest score of M=2.82; SD=1.20, indicating a relatively lower level in the hospital's supplier evaluation processes, signals a potential challenge in the current methods, as they may not completely prevent the need for emergency orders. Nzuma's (2022) emphasizes on the critical role of supplier performance evaluation in improving operational efficiency and overall organizational performance. The recommendation for the hospital is to reassess and enhance its supplier evaluation methods to strengthen its ability to prevent emergency orders. This aligns with the broader organizational goal of optimizing operational efficiency and enhancing overall performance.

The aggregate score of M=3.20; SD=1.15, represents the overall level of supplier management across all statements. It falls within the "Average" category, indicating that, on average, the hospital maintains an acceptable level of supplier management practice with some concerns in the area of supplier selection and evaluation.

The high mean score suggests that the hospital effectively manages supplier-related challenges, leading to improved cost management and profitability. This

implies that there is a likelihood the hospital has robust supplier evaluation processes in place, contributing to the overall financial sustainability of the organization.
The low mean score indicates that while the hospital engages in various supplier management activities, there is room for improvement in certain areas. Strengthening supplier selection criteria, evaluation processes, and addressing issues such as stock-outs and delivery delays could further enhance operational efficiency and service quality.

Research Question 4

What is the level of performance of Tenwek Hospital in terms of financial performance and improved healthcare services?

Akeem (2017) affirms that in order for an organization to maximize profit growth by delivering high-quality goods and services using existing resources, it is essential to manage costs effectively and minimize them within acceptable limits. In the Table 12 the highest score of M=3.36; SD=1.18, indicates that the organization's procurement practices having a significant positive impact on cost reduction. This suggests that the procurement process is effective in reducing costs, which is a key factor in achieving financial performance objectives.

Table 12. Organizational Performance – Financial Performance

No:	Statements on Organizational Performance	Mean	Std. Deviation	Interpretation
	Financial Performance			
1	To what extent do you agree that the procurement practice of the hospital has positive impact to the achievement of its financial objective?	3.35	1.17	Average level of financial performance
2	To what extent do you agree that the procurement practice of the hospital has positive impact to cost reduction?	3.36	1.18	Average level of financial performance
3	To what extent do you agree that the procurement practice of the hospital has increased the day's cash on hand?	3.20	1.11	Average level of financial performance
4	To what extent do you agree that the hospital's procurement practice has a positive impact on its net income?	3.33	1.19	Average level of financial performance
	Aggregate Score	**3.31**	**1.16**	Average level of financial performance

Source: Survey Results and SPSS Computation, 2023

The aggregate score, M=3.31; SD= 1.16, represents the overall level of organizational financial performance across all financial performance-related statements. It indicates that, on average, the organization maintains an acceptable level of financial performance.

The relatively high mean score implies that there is a positive influence of procurement practices on cost reduction, achieving financial objectives, and net income. This indicates that the hospital's procurement practices are perceived to contribute positively to its financial performance, although at an average level. However, the mean score regarding the increase in day's cash on hand, is slightly lower. This suggests that there could be inefficiencies in cash management processes or challenges in optimizing payment terms with suppliers, leading to delayed cash inflows.

Table 13. Organizational Performance - Improved Healthcare Services

No:	Statements on Organizational Performance	Mean	Std. Deviation	Interpretation
Improved Healthcare Service				
1	How frequently do you experience shortages or stock-outs of vital medicines and medical supplies when treating patients?	2.77	0.89	Average level of improved healthcare services
2	In regards to procurement services, how satisfied are the health professionals with the quality of medicines and medical supplies available to them for treating patients?	3.30	1.22	Average level of improved healthcare services
3	In regards to procurement services, how satisfied are you with the timeliness availability of medicine and medical supplies to be able to provide care to your patients at the hospital?	3.28	1.27	Average level of improved healthcare services
4	Overall, how satisfied are you with the quality of procurement practice of the hospital to provide patient care?	3.17	1.32	Average level of improved healthcare services
	Aggregate Score	3.13	1.18	Average level of improved healthcare services

Source: Survey Results and SPSS Computation, 2023

Confirming the study of Lingg (2016), which emphasizes the role of effective procurement practices in enabling healthcare organizations to acquire high-quality medical devices, medicines, and supplies for improved patient safety and outcomes, the highest score of M=3.30; SD=1.2,2 underscores the general satisfaction among health professionals with the quality of medicines and medical supplies. This suggests that the hospital’s procurement practices have a positive impact on the availability of high-quality medical resources, which is crucial for improved healthcare service.

The finding indicating relatively low scores, M=2.77; SD=0.89, suggesting occasional shortages or stock-outs of vital medicine and medical supplies during patient treatment, aligns with the study conducted by Hodes et al. (2017). Hodes et al. (2017) demonstrated that shortages of essential medicines prompt health professionals to expend additional effort and personal resources to procure necessary medications, impacting patient care. This suggests that improvements in procurement practices are crucial to ensuring the consistent availability of essential medicines and medical supplies for the provision of uninterrupted healthcare delivery.

The aggregate score of M=3.13; SD=1.18, represents the overall level of organizational performance in terms of improved healthcare service across all health service-related statements. This indicates that, on average, the hospital provides an acceptable level of health service, with room for potential improvements mainly on the stock-outs of vital medicine and medical supplies.

The relatively high mean score regarding satisfaction with the quality of medicines and medical supplies may be attributed to effective procurement practices. The hospital's proactive approach to sourcing high-quality medical resources and maintaining stringent quality control measures certainly contributes to health professionals' positive perceptions. On the other hand, the lower mean score indicating concerns about shortages or stock-outs of vital medicine and medical supplies during patient treatment could stem from various factors. These may include inefficiencies in inventory management leading to understocking or delays in replenishing supplies. Additionally, challenges in forecasting demand accurately or disruptions in the supply chain could contribute to the observed shortages. Addressing these issues may require improvements in procurement planning, enhanced communication with suppliers to ensure timely deliveries, and the implementation of contingency measures to mitigate the impact of supply shortages on patient care.

Conditions for Regression Analysis

Regression analysis has certain conditions that must be met to ensure the validity of the results (Senaviratna & Cooray, 2019). These conditions include linearity, necessitating a linear relationship between the dependent and independent variables; normality of errors, indicating that residuals should follow a normal distribution; and homoscedasticity, whereby the variance of residuals remains constant across all levels of the independent variables. These conditions are crucial for accurate and valid regression results.

Collinearity Analysis of the Independent Variables

To assess the presence of collinearity among independent variables, researchers commonly utilize a statistical measure known as the Variance Inflation Factor (VIF). According to Kim (2019), a VIF greater than 5 is an indicator of highly correlated variables, and a VIF higher than 10 suggests significant multicollinearity that needs to be addressed.

Table 14. Multicollinearity of the Independent Variables Using VIF

		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
del		B	Std. Error	Beta	T	Sig.	Tolerance	VIF
1	(Constant)	.801	.199		4.021	.000		
	Stakeholders' Engagement	.097	.087	.097	1.107	.269	.300	3.338
	Procurement Planning	.403	.100	.394	4.041	.000	.242	4.133
	Supplier Management	.295	.088	.241	3.358	.001	.448	2.231

a. Dependent Variable: Organizational Performance

Source: Survey Results and SPSS Computation, 2023

An assessment of multicollinearity among the independent variables (stakeholders' engagement, procurement planning, and supplier management) was conducted by examining the variance inflation factor (VIF) values. High VIFs indicate increased effects of multicollinearity in the model. In this model, the VIF value for stakeholders' engagement was 3.338, procurement planning was 4.133, and supplier management was 2.231. Given that all VIFs were less than 5, it can be concluded that no serious multicollinearity issues are present. Overall, the evidence suggests multicollinearity is not a major concern for this analysis based on the VIF values being within acceptable limits

Normal Distribution of the Residuals

The normality of residuals is a key assumption in regression analysis. The normality of residuals ensures that the errors are randomly and normally distributed around zero, which is essential for making valid inferences from the regression model.

Violations of this assumption can affect the accuracy of the statistical tests and confidence intervals (Farrar & Glauber, 1967).

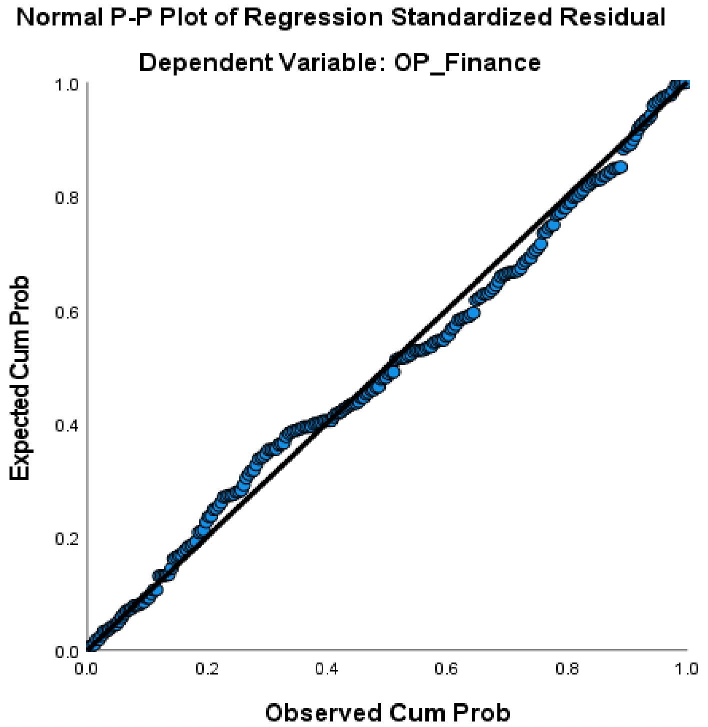

Figure 2. Distribution of the Residuals Test – Dependent variable – Financial Performance

Source: Survey Results and SPSS Computation, 2023

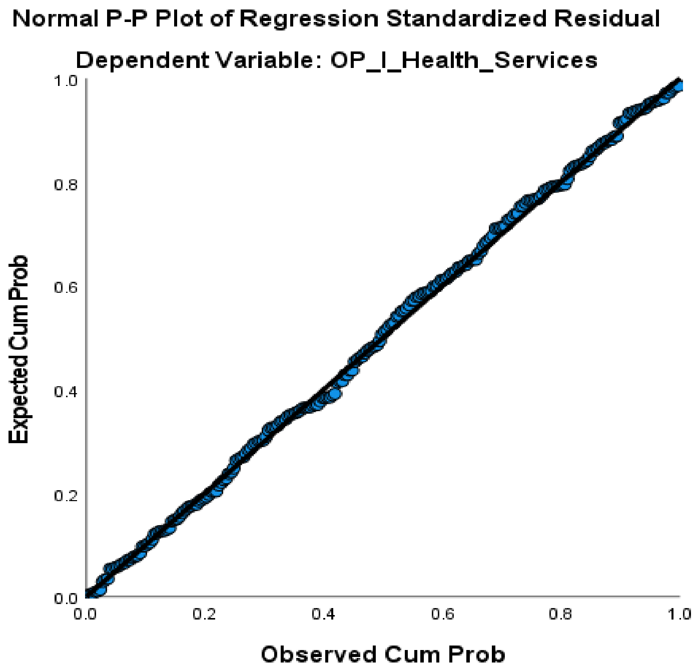

Figure 3. Distribution of the Residuals Test – Dependent Variable – Improved Healthcare Services

Source: Survey Results and SPSS Computation, 2023

Two normal probability-probability (P-P) plots were generated to assess normality - Figure 2 for the model with organizational financial performance as the dependent variable, and Figure 3 for the model with improved healthcare services as the dependent variable. In both P-P plots, the data points adhered closely to the diagonal line, indicating the standardized residuals follow the normal distribution pattern.

These normal P-P plots provide evidence that the residual errors in the regression models are approximately normally distributed as expected in order for valid analysis. The residuals do not demonstrate substantial deviations from normality. Fulfilling this key assumption means the estimates, p-values, and predictions of the models can be legitimately interpreted and statistical power is retained. Overall, the normal P-P plots confirm the normality of residuals assumption has been reasonably met, providing assurance about making appropriate inferences from the regression results.

Homoscedasticity Test

Homoscedasticity testing is crucial in regression analysis as it assesses whether the variability of residuals is consistent across different levels of the independent variables. Ensuring homoscedasticity is important because it validates the assumption of constant variance, which is necessary for the reliability of coefficient estimates and the validity of statistical inferences. Detecting heteroscedasticity helps identify potential issues with the regression model, allowing for appropriate adjustments or transformations to improve its accuracy and interpretability (Yang, Tu, & Chen, 2019).

To assess homoscedasticity, Ott and Longnecker (2015) suggest specific conditions. One method involves employing graphical techniques, such as plotting the residuals against the predicted values. In this approach, if the plot exhibits randomly dispersed points without any noticeable pattern, homoscedasticity is most likely present. Conversely, the emergence of a systematic pattern, such as a cone or fan shape, indicates the presence of heteroscedasticity.

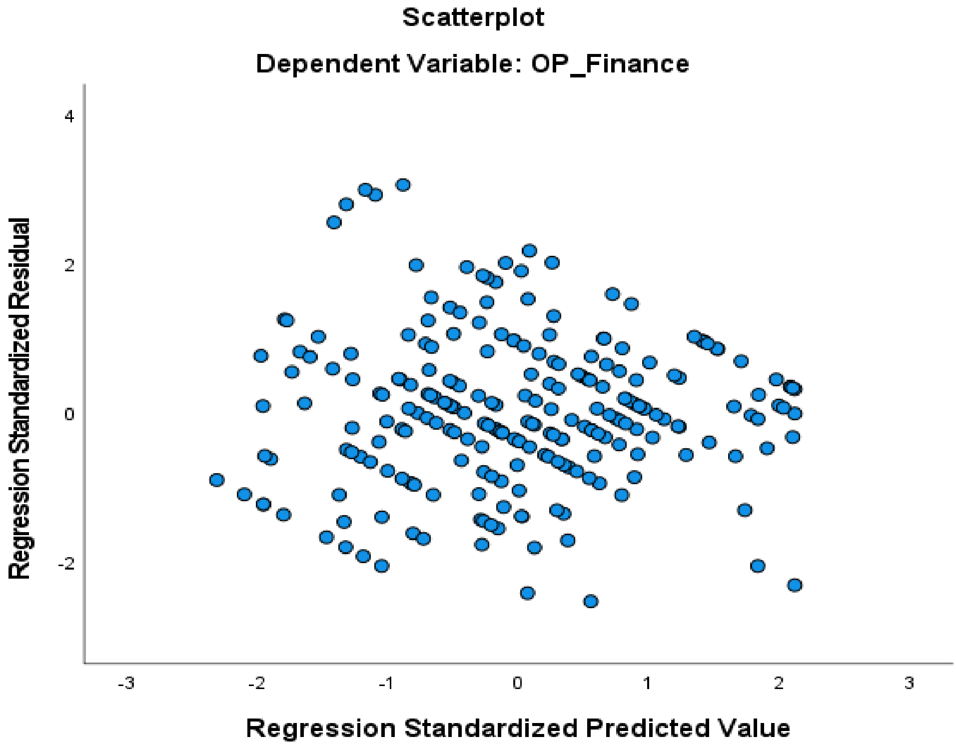

Figure 4. Homoscedasticity Distribution Dependent Variable: Financial Performance

Source: Survey Results and SPSS Computation, 2023

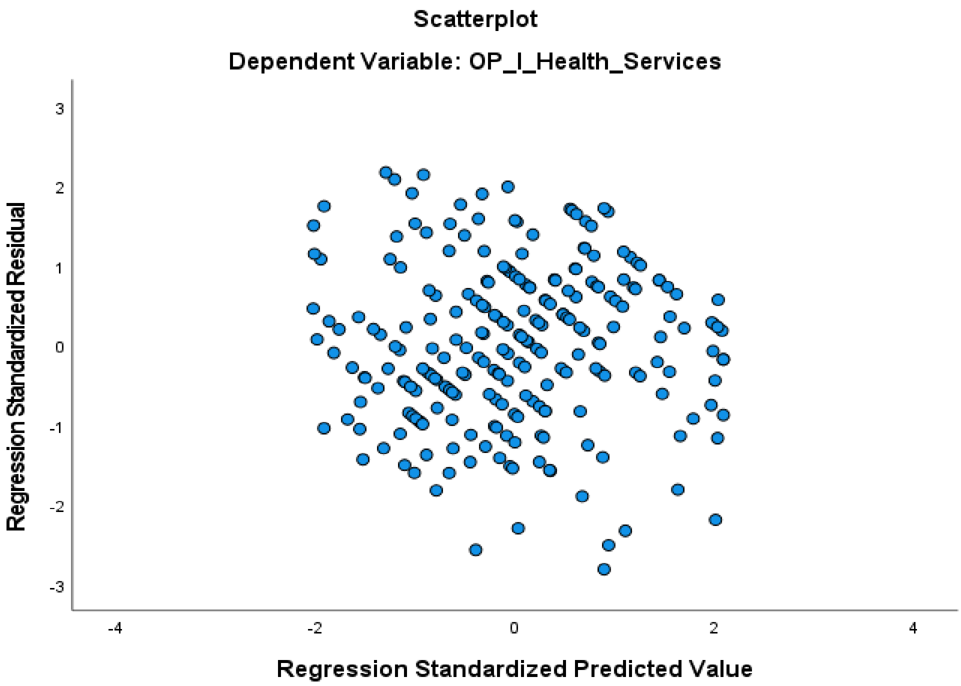

Figure 5. Homoscedasticity Distribution Dependent Variable: Improved Healthcare Services

Source: Survey Results and SPSS Computation, 2023

Scatterplots of the standardized residuals versus predicted values were generated for both models with organizational financial performance (Figure 4) and improved healthcare services (Figure 5) as dependent variables. The scatterplots showed randomly scattered points with no clear systematic cone- or fan-shaped patterns. This suggests the variance of the errors is consistent at different values of the independent variables.

The scatterplots provide visual evidence that the homoscedasticity assumption is satisfied. This affirms the residuals have relatively constant variance, meeting the homoscedasticity assumption critical for unbiased hypothesis testing and making generalizations from the sample to the population.

Rationale for Separate Analysis of Financial and Improved Healthcare Service Performance

Financial performance and healthcare service performance aim to achieve distinct objectives. Financial performance seeks to ensure the hospital's financial sustainability and profitability, while healthcare service performance aims to deliver high-quality care and enhance patient outcomes. This distinction implies that evaluating these dimensions separately helps the hospital management to determine whether they are achieving their goals in each domain independently. Additionally, separating the analysis enables the identification of precise areas for improvement within each domain, facilitating targeted strategies to enhance overall performance.

Correlation Analysis

Prior to testing the hypotheses associated with research questions 5 and 6 of this study, it is essential to examine the relationship between the independent and dependent variables. The presence of a relationship is crucial, as without it, there would be no discernible effect. Consequently, the initial step involves using the Pearson Correlation to see the relationship between the dependent and independent variables, while regression analysis serves to illustrate the effects.

Correlation refers to a statistical technique used to measure and describe the strength and direction of a relationship between two variables. It assesses how changes in one variable are associated with changes in another. The correlation coefficient quantifies this relationship and ranges from -1 to +1, with specific values indicating different types and strengths of correlations. The correlation can be interpreted as positive, negative, and zero (Gravetter & Wallnau, 2014).

In this study, Pearson correlation was employed to investigate the significant relationship between the independent variables (stakeholder engagement, procurement planning, and supplier management) and the organization performance (Financial performance and improved healthcare services).

Table 15. Correlations of Independent Variables and Dependent Variable Financial Performance

Correlations

		OP Financial Performance	*Stakeholders' Engagement*	*Procurement Planning*	*Supplier Management*
Pearson Correlation	OP Financial Performance	1.000	*.585*	*.653*	*.596*
Sig. (1-tailed)	OP Financial Performance	.	.000	.000	.000
N	OP Financial Performance	240	240	240	240

Source: Survey Results and SPSS Computation, 2023

Based on the correlation Table 15 provided, there are statistically significant positive correlations between all three independent variables (stakeholder engagement, procurement planning, and supplier management) and the dependent variable organizational financial performance. All correlations have p-values of ($p<0.05$)

The highest correlation is between procurement planning and organizational performance ($r = 0.653$). This suggests procurement planning has the strongest linear relationship with financial performance compared to the other two variables.

Stakeholder engagement ($r = 0.585$) and supplier management ($r = 0.596$) also show moderately strong positive correlations with financial performance. The correlation analysis indicates statistically significant positive linear relationships between all three procurement practices and organizational financial performance. Procurement planning has the strongest correlation, followed by supplier management and then stakeholder engagement.

Table 16. Correlations of Independent Variables and Dependent Variable; Improved Healthcare Services

Correlations

		OP Improved Health Services	Stakeholders' Engagement	Procurement Planning	Supplier Management
Pearson Correlation	OP Improved Health Services	1.000	.681	.674	.556
Sig. (1-tailed)	OP Improved Health Services	.	.000	.000	.000
N	OP Improved Health Services	240	240	240	240

Source: Survey Results and SPSS Computation, 2023

As it is shown in Table 16, there are statistically significant positive correlations between the three independent variables and the dependent variable improved healthcare services, with all p-values being ($p<0.05$).The strongest correlation is between stakeholder engagement and organizational performance ($r = 0.681$). This indicates stakeholder engagement has the strongest linear relationship with improved healthcare services compared to the other two variables.

Procurement planning ($r = 0.674$) and supplier management ($r = 0.556$) also show positive correlations with improved healthcare services performance, but the associations are not as strong as with stakeholder engagement. The correlation between stakeholder engagement and improved healthcare services is noticeably stronger than its correlation with organizational financial performance in the previous Table 15.

Supplier management has the weakest correlation with improved health services among the three independent variables. While all three procurement practices show statistically significant positive correlations, stakeholder engagement demonstrates the strongest linear relationship with improved healthcare services performance, in contrast to procurement planning having the strongest link to financial performance.

Research Question 5

What effect does the procurement practices of medicine and medical supplies have on the organizational performance of Tenwek Hospital in terms of financial performance?

The following tables provide the findings from the multiple regression analysis regarding Research Question 5, which focuses on the effect of procurement practices on organizational performance in terms of financial performance.

Table 17. Model Summary of Independent Variables and Dependent Variable: Financial Performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.676[a]	.457	.450	.76032

a. Predictors: (Constant), Supplier Management, Stakeholders' Engagement, Procurement Planning

b. Dependent Variable: OP Financial Performance

Source: Survey Results and SPSS Computation, 2023

The Adjusted R-square value of 0.450 in Table 17 model summary indicates that approximately 45% of the variability in the organizational financial performance of Tenwek Hospital can be explained by the predictor variables: stakeholders' engagement, procurement planning, and supplier management.

Table 18. ANOVA of Independent Variables and Dependent Variable; Financial Performance

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	114.887	3	38.296	66.246	.000
	Residual	136.428	236	.578		
	Total	251.315	239			

a. Dependent Variable: OP Financial Performance

b. Predictors: (Constant), Supplier Management, Stakeholders' Engagement, Procurement Planning

Source: Survey Results and SPSS Computation, 2023

In the ANOVA Table 18, the p-value associated with the regression model is less than 0.005 ($p < 0.005$). This indicates that the overall regression model, which includes stakeholders' engagement, procurement planning, and supplier management as predictors, is statistically significant effect on the organizational financial performance of Tenwek Hospital.

Table 19. Coefficient of Independent Variables and Dependent Variable: Financial Performance

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	.801	.199		4.021	.000
	Stakeholders' Engagement	.097	.087	.097	1.107	.269
	Procurement Planning	.403	.100	.394	4.041	.000
	Supplier Management	.295	.088	.241	3.358	.001

a. Dependent Variable: OP Financial Performance

Source: Survey Results and SPSS Computation, 2023

The coefficients Table 19 provides insights into the relationship between the independent variables (stakeholders' engagement, procurement planning, and supplier management) and the dependent variable (organizational financial performance). The standardized coefficients (Beta) for each independent variable are as follows: stakeholders' engagement (Beta = 0.097, t = 1.107, p = 0.269), procurement planning (Beta = 0.394, t = 4.041, $p < 0.005$), and supplier management (Beta = 0.241, t = 3.358, p = 0.001).

Among these variables, procurement planning has the highest standardized coefficient, indicating the strongest effect on organizational financial performance, followed by supplier management and stakeholders' engagement. The p-values associated with procurement planning and supplier management are both less than 0.005, suggesting that these variables have a statistically significant effect on organizational financial performance. However, the p-value for stakeholders' engagement is greater than 0.05, indicating that its impact on organizational financial performance may not be statistically significant. Therefore, while procurement planning and supplier management are likely to significantly influence organizational financial performance, and stakeholders' engagement may not have a significant effect.

This finding is consistent with the study of Dzomonda (2020), who discovered a positive yet statistically insignificant relationship between stakeholder engagement and financial performance. This suggests that stakeholder engagement is not a reliable predictor of the firm's market valuation. On the other hand, the finding of this study differs from other studies as it finds out that stakeholders' engagement has no significant effect on financial performance in contrary with the study by Ramakrishnan (2008) which investigated the relationship between stakeholder engagement and financial performance. The study found that stakeholder engagement has a positive impact on financial performance, suggesting that stakeholder engagement is an important factor in driving financial success. Other sources also suggest that stakeholder engagement can have a positive impact on financial performance by identifying new business opportunities, reducing risk, and improving reputation.

Furthermore, research by Kipkemoi (2017) has shown that procurement practices can have a positive impact on an organization's financial performance. Carr and Pearson (2002) also underscore the significance of procurement departments in shaping supplier evaluations and specifications, ultimately resulting in cost reductions and strengthened supplier relationships, which can contribute to the organization's financial well-being. A study by Changalima et al. (2023) in alignment with this current study also shows that supplier management components, supplier selection and supplier evaluation are significant predictors of procurement efficiency in terms of cost reduction which contributes to enhancement of financial performance.

Testing the Hypothesis (H_{01})

H_{01} Procurement practices of medicine and medical supplies have no significant effect on the organizational performance of Tenwek Hospital in terms of financial performance as measured by:

a. Stakeholders' Engagement
b. Procurement Planning
c. Supplier Management.

The results of the hypothesis tests reveal that both procurement planning and supplier management demonstrate a significant effect on organizational financial performance at a 95% confidence level. Specifically, the p-values for these variables are less than 0.05, leading to the rejection of the null hypothesis. Contrastingly, stakeholders' engagement does not show a significant effect on organizational financial performance at a 95% confidence level, as evidenced by the p-value being greater than 0.05, resulting in accepting the null hypothesis.

In essence, the results indicate partial acceptance and rejection of the hypotheses proposed in the study. Hypothesis (H_{01}), which posited a significant effect of procurement practices on financial performance, was partially accepted as procurement planning and supplier management showed significant effects, while stakeholder engagement did not.

Research Question 6

To what extent do the procurement practices of medicine and medical supplies have effect on the organizational performance of Tenwek Hospital in terms of improved healthcare services?

The following tables provide the findings from the multiple regression analysis regarding research question 6, which focuses on the effect of procurement practices as measured by stakeholders' engagement, procurement planning, and organizational performance on organizational performance in terms of improved healthcare services.

Table 20. Model Summary of Independent Variables and Dependent Variable: Improved Healthcare Services

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.710[a]	.504	.498	.71692

a. Predictors: (Constant), Supplier Management, Stakeholders' Engagement, Procurement Planning
b. Dependent Variable: OP Improved Healthcare Services

Source: Survey Results and SPSS Computation, 2023

The Adjusted R-square value of 0.498 in Table 20 Model Summary indicates that approximately 49.8% of the variability in the improved healthcare services performance of Tenwek Hospital can be explained by the predictor variables: Supplier Management, Stakeholders' Engagement, and Procurement Planning.

Table 21. ANOVA of Independent Variables and Dependent Variable: Improved Healthcare Services

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	123.450	3	41.150	80.062	.000
	Residual	121.298	236	.514		
	Total	244.748	239			

a. Dependent Variable: OP Improved Healthcare Services

b. Predictors: (Constant), Supplier Management, Stakeholders’ Engagement, Procurement Planning

Source: Survey Results and SPSS Computation, 2023

In the ANOVA Table 21, the p-value associated with the regression model is less than 0.005 ($p < 0.005$). This indicates that the overall regression model, which includes supplier management, stakeholders’ engagement, and procurement planning as predictors, has a statistically significant on the improved healthcare services performance of Tenwek Hospital.

Table 22 shows that the standardized coefficients (Beta) for each independent variable as follows: Stakeholder Engagement (Beta = 0.379, t = 4.527, $p < 0.005$), Procurement Planning (Beta = 0.289, t = 3.101, p = 0.002), and Supplier Management (Beta = 0.093, t = 1.353, p = 0.177).

Among these variables, Stakeholder Engagement has the highest standardized coefficient, indicating it has the strongest effect on improved healthcare services performance, followed by procurement planning and then supplier management.

Table 22. Coefficient of Independent Variables and Dependent Variable: Improved Healthcare Services

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	.745	.188		3.968	.000
	Stakeholders' Engagement	.373	.082	.379	4.527	.000
	Procurement Planning	.292	.094	.289	3.101	.002
	Supplier Management	.112	.083	.093	1.353	.177

a. Dependent Variable: OP Improved Healthcare Services

Source: Survey Results and SPSS Computation, 2023

The p-values for stakeholder engagement and procurement planning are less than 0.05, which means these variables have a statistically significant positive effect on improved healthcare services. However, the p-value for supplier management is greater than 0.05, suggesting its effect is not statistically significant.

While stakeholder engagement and procurement planning significantly influence improved healthcare services positively, supplier management does not appear to have a statistically significant impact based on its very low beta value and insignificant p-value. The coefficients align with the correlation analysis, reiterating the key role of stakeholder engagement and procurement planning on the improved healthcare services of organizational performance.

Similarly, a study by Mayende and Omwenga (2018) highlighted the role of stakeholders' engagement in enhancing organizations' ability to offer improved products and services. Moreover, this study's results indicate that procurement planning significantly and positively affects organizational performance in enhanced healthcare services, echoing Anane's (2019) emphasis on the pivotal role of procurement planning in enhancing service delivery effectiveness. Contrary to the findings of this current study that suggested supplier management has no significant effect on improved healthcare services, studies have shown the importance of strategic supplier management in achieving better healthcare service performance (Ekiyor et al., 2019; Göncü & Çetin, 2022).

Testing the Hypothesis (H_{02})

Procurement practices of medicines and medical supplies have no significant effect on the performance of Tenwek Hospital in terms of improved healthcare services as measured by:

a. Stakeholders' Engagement
b. Procurement Planning
c. Supplier Management.

The hypothesis tests show that both stakeholders' engagement and procurement planning have a significant effect on improved healthcare services performance at a 95% confidence level, with p-values less than 0.05, leading to rejection of the null hypothesis. However, supplier management does not show a significant effect on improved healthcare services performance at the same confidence level, as indicated by a p-value exceeding 0.05, leading to acceptance of the null hypothesis.

The results indicate partial acceptance and rejection of the hypotheses proposed in the study. Hypothesis (H_{02}), regarding the impact of procurement practices on improved healthcare services, was partially rejected, as stakeholder engagement and procurement planning exhibited significant effects, but supplier management did not.

Regression Model for the Study

After partially rejecting and accepting two of the study's null hypotheses, the subsequent crucial step is to explore the multiple regression model that links the independent variables to the dependent variable of the study. This model shows the individual contributions of each independent variable to the two indicators of dependent variable, providing insights into their respective effects.

According to Table 19, the regression model for this study is as follows.

OP-FP = .394 PP + .241 SM

OP-IHS = .379 SE + .289 PP

Where OP-FP = Organizational Performance – Financial Performance;

OP_IHS = Organizational Performance _ Improved Healthcare Services

SE = Stakeholders’ Engagement;

PP = Procurement Planning;

SM = Supplier Management

The regression model is statistically significant for procurement planning and supplier management according to Table 19. According to this model, procurement planning has the greater effect on financial performance of Tenwek Hospital followed by the supplier management.

According to Table 22 the regression model is statistically significant for stakeholders’ engagement and procurement planning. According to this model, stakeholders' engagement has the greater effect on improved healthcare service of Tenwek Hospital followed by procurement planning.

CHAPTER 5

SUMMARY, CONCLUSIONS & RECOMMENDATIONS

Summary of Findings

This research aimed at empirically investigating the impact of procurement practices, specifically concerning the procurement of medicine and medical supplies, on the organizational performance of Tenwek Hospital. The rationale for this study stems from the critical role that efficient and well-structured procurement practices play in enhancing organizational performance by ensuring seamless and high-quality service delivery.

The study was guided by six research questions and two null hypothesis. The study adopted a quantitative approach, employing a causal cross-sectional research design to explore the relationship between procurement practices and performance of Tenwek Hospital. Out of a study population comprising 597 potential respondents, the sample size for the study comprised 240 valid responses. The data analysis encompassed descriptive statistics, as well as simple correlation and multiple linier regression analyses.

The analysis of the study's demographics indicates an even distribution between genders among participants, with 45% being female and 55% male (see Table 5). The majority of respondents fall within the 18-35 age group, constituting 74.17% of the sample (refer to Table 6). Regarding educational backgrounds, 64.6% hold diplomas, while 23.3% have bachelor's degrees (as shown in Table7).

Additionally, Table 8 illustrates that around 30.4% of respondents have accumulated 3-5 years of work experience at Tenwek Hospital.

The results in Table 9 are the findings for the first research question which suggest that Tenwek Hospital's stakeholder engagement practice related to procurement practice of medicine and medical supplies are generally at an average level (M=2.97; SD=1.2). It not only shows a positive perception about stakeholder identification but also opportunities for improvement in consulting and involving stakeholders in decision-making processes.

Based on the data in Table 10, procurement planning indicates the presence of good acquisition process, highlighting relative strength in this area. However, there are opportunities for improvement identified, particularly in managing lead times. Despite these areas for improvement, the overall assessment of Tenwek Hospital's procurement planning reveals an average level (Mean = 3.11; SD = 1.18). This analysis answers research question two.

These findings in Table 11answer research question three which show frequent stock outs due to limited supplier availability, suggesting a notable gap in the supplier management processes. Additionally, challenges in supplier evaluation methods indicate a need for improvement to prevent emergency orders and optimize operational efficiency. Overall, supplier management of Tenwek Hospital is at average level (M=3.20; SD=1.15).

Tables 12 and 13 provide the answer for research question four, which emphasizes the significance of procurement practices in organizational financial performance and improved healthcare service performance. It highlights the positive impact of effective procurement processes on cost reduction. However, there is a need to improve cash flow by increasing days of cash on hand. Procurement practices also play a crucial role in ensuring the availability of high-quality medical resources, contributing to health professional satisfaction in providing improved healthcare services. Nevertheless, occasional shortages of vital medicines and medical supplies indicate areas for improvement to maintain uninterrupted healthcare delivery. Overall, the hospital maintains an average level of financial performance (M=3.31; SD=1.16) and healthcare service provision (M=3.13; SD=1.18), with potential for improvement mainly in addressing stock-outs of essential medical resources.

Prior to conducting the regression analysis, the study assessed the independent variables for multicollinearity using VIF. As shown in Table 14, the analysis indicated no significant correlation among the independent variables that could distort the regression outcomes. Additionally, normality and homoscedasticity tests were also performed. A correlation analysis was done to investigate the relationship between the independent variables and the dependent variable. The findings presented in Tables 15 and 16 revealed a statistically significant positive correlation between the three procurement practices and the dependent variables financial performance and improved healthcare service performances.

The findings presented in Tables 17 to 19 have shown that procurement practices, particularly procurement planning and supplier management, have a significant effect on the financial performance of Tenwek Hospital. This outcome signifies a rejection of the first null hypothesis posited in Chapter One. Conversely, the analysis suggests that stakeholder engagement does not have a significant effect on the hospital's financial performance. In addition, the findings from Tables 20 to 22 indicate a significant relationship between stakeholders' engagement and procurement planning, and the performance of improved healthcare services at Tenwek Hospital. Consequently, the second null hypothesis is rejected. However, supplier management does not demonstrate a significant effect on the hospital's improved healthcare service performance.

Conclusion

The findings of this study provide robust evidence, with a confidence level of 95%, affirming that procurement planning and supplier management significantly impact the financial performance of Tenwek Hospital. The study illuminates aspects of stakeholder engagement, highlighting commendable stakeholder identification efforts by the procurement department but signaling opportunities for improvement in consulting and actively involving stakeholders' in decision-making. Similarly, while the hospital demonstrates proficiency in acquisition processes in procurement planning, there is room for enhancement in managing procurement lead times. Supplier management indicated by frequent stock-outs, underscores the need for strategic improvements.

All three procurement practices exhibit an average level of stakeholder engagement, procurement planning, and supplier management in Tenwek Hospital. In addition, financial performance and improved healthcare service performance also show an average level of organizational performance.

Procurement planning exhibits a relatively stronger impact on financial performance, emphasizing the potential of refining procurement planning practice to yield substantial positive effects on the hospital's finances. While supplier management has a significant effect on financial performance, its effect on improved healthcare services is not significant.

Conversely, stakeholder engagement and procurement planning demonstrate significant effects on the hospital's improved healthcare services performance. Notably, stakeholder engagement emerges as a potent factor, exerting a relatively stronger influence on healthcare services improvement, underscoring its crucial role in successful procurement practice aimed at enhancing overall healthcare services.

Recommendations

The study identifies opportunities to improve stakeholder engagement, particularly in consulting stakeholders before procurement and actively involving them in decision-making particularly when there is no first choice of the medicine and medical supplies selected. The hospital should establish structured communication channels and collaborative forums to seek input from healthcare professionals, procurement departments, and finance departments at critical stages of the procurement process.

Despite the relatively good acquisition process, there is room for improvement in managing procurement lead times. The hospital should focus on refining its procurement planning activity, ensuring a balance between timely acquisitions and minimizing interruptions in service. This may involve a reassessment of inventory management strategies and closer collaboration with suppliers.

The frequent experience of stock-outs indicates a potential area of concern. The hospital should conduct a detailed analysis of the causes behind stock-outs and work collaboratively with suppliers to address issues related to the limited availability of certain items. Implementing a robust supplier selection and evaluation process can contribute to mitigating the impact of stock-outs on operations and patient care. The study highlights that the current supplier evaluation processes do not entirely prevent the need for emergency orders. The hospital should assess the factors leading to emergency orders and develop contingency plans to manage such situations effectively. This may involve establishing alternative suppliers, enhancing communication channels, and streamlining emergency procurement procedures.

The hospital should prioritize and optimize their procurement processes, given the significant positive effect of effective procurement practices on cost reduction. Additionally, to address the slight deficiency in increasing the day's cash on hand, the hospital may concentrate on establishing favorable payment terms with suppliers as suggested by Rotta et al., (2023). Moreover, in order to mitigate occasional shortages or stock-outs of vital medicines and medical supplies during patient treatment, the hospital must refine their procurement practices. Strategies such as inventory management optimization, supplier diversification, and proactive monitoring of supply levels, as suggested by Hodes et al. (2017), can help in this regard.

In light of the notable impact of procurement planning on financial performance, the hospital should prioritize enhancing their need identification, acquisition processes, and shortening lead times. Simultaneously, refining supplier management including supplier selection and evaluation, is crucial given their statistically significant effect on financial outcomes. Although stakeholders' engagement may not demonstrate a statistically significant impact on financial performance in this study, its long-term contribution to financial success should not be overlooked by the hospital.

While stakeholder engagement and procurement planning influence improved healthcare services significantly, supplier management does not appear to have a statistically significant effect. These results emphasize the importance of fostering active engagement with stakeholders and optimizing procurement planning processes to improve healthcare service delivery. The hospital should prioritize strategies to identify and involve key stakeholders in decision-making processes, refine procurement planning strategies, and reevaluate supplier management practice to improve overall healthcare service performance.

These recommendations, if implemented thoughtfully, can contribute to the overall improvement of the hospital's procurement practices, leading to improved organizational financial performance and improved healthcare services.

Suggestions for Future Research

Conducting a comparative analysis across multiple healthcare facilities in Kenya would enhance the generalizability of findings. Comparing procurement practices and their influence on organizational performance in diverse hospital settings could reveal valuable patterns and variations.

While this study adopts a quantitative approach, future research could complement these findings with qualitative perspectives. In-depth interviews and qualitative analysis may uncover the complex aspects of procurement practices that quantitative methods might not capture fully.

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APPENDICES

APPENDIX 1

Consent Form for Respondent

You are kindly requested to take part in a research study titled "Procurement Practice of Medicine and Medical Supplies on Organizational Performance: A Case of Tenwek Hospital, Kenya". The study aims to investigate the procurement practices of Tenwek Hospital and how it impact its performance. As a participant, you will be asked to complete a questionnaire with five sections.

Your participation in the study is completely optional. If you sign the form, it indicates that you are giving your consent to participate. Your identity will remain anonymous as you will not write your name on the questionnaire and the form will be kept separate from the questionnaire. Only I and advisors will have access to the data, which will be stored on a password-protected computer.

If you choose not to participate, you are not required to fill out the questionnaire or participate in other research activities. If you have already started filling out the questionnaire and change your mind, you may stop and return it to the researcher. There is no penalty for declining to participate and your questionnaire will not be used.

If you do participate, you will be contributing to the knowledge on improving organizational performance through effective procurement practices. There are no known risks associated with participating. The researcher will be available to answer any questions you may have.

Bikiltu Kenna Degu, **+254794645099; Email: kennab@aua.ac.ke**

If you have any complaints or concerns about the research, you can contact my primary advisor Dr Angela Nwaomah at nwaomaha@aua.ac.ke and the Chair of the AUA Institutional Ethics Review Committee (IERC), Dr Josephine Ganu, at ganuj@aua.ac.ke .Thank you for your consideration.

Bikiltu Kenna Degu, School of Postgraduate Studies, Master of Business Administration.

By signing below, I agree to participate in this research.

Signature ___________________________________

Date ____

APPENDIX 2

QUESTIONNAIRE

Section A: Demographic details

i. Kindly indicate your designation? ____________________________________

ii. What is your department? ____

iii. What is your gender? Male □ Female □ Other □

iv. What is your age in the age brackets below?

18 –35 □ 36 – 45 □ 46 – 55 □ 56 and above □

v. What is your highest educational level?

	Educational Level	Please tick the appropriate category
1.	No Formal Education	☐
2.	Certificate	☐
3.	Diploma	☐
4.	Bachelor	☐
5.	Masters	☐
6.	PhD	☐

vi. In terms of experience, please tick the number of years you have worked in Tenwek hospital?

Duration in years	Please tick the appropriate category
Less than 1 year	☐
1 – 2 years	☐
3 – 5 years	☐
6 – 10 years	☐
11 – 20 years	☐
	☐

21 years and more

Section B: Stakeholder Engagement

To what extent are you in agreement or disagreement to each of the statements below in reference to stakeholder engagement in procurement process? Please indicate the answers of your choice by use of a tick (√) in the spaces provided in the table below: 1=SD=Strongly Disagree, 2=D=Disagree, 3=N=Neutral, 4=A=Agree, and 5=SA=Strongly Agree.

No:	**Statements on Stakeholder Engagement** (the users- health professionals)	**SD 1**	**D 2**	**N 3**	**A 4**	**SA 5**
1	The procurement department identifies key stakeholders for its procurement process.					
2	The hospital actively involves stakeholders in decision making process with regards to procurement.					
3	The procurement team always consult key stakeholders in the procurement process in case of any change in selected medicine and medical supplies.					
4	In this hospital the feedback of identified stakeholders are well utilized in the procurement process					
5	The procurement department of the hospital periodically gathers key stakeholders opinion and suggestion to improve procurement of medicine and medical supplies					
6	The hospital applies stakeholder analysis report.					
7	The procurement department adopts all the necessary corrective intervention recommended by stakeholders.					
8	The hospital has put in place an elaborate stakeholder's engagement plan in procurement.					
9	Before procurement of any medicines or medical supplies, all the stakeholders are informed and their inputs are sought.					

Section C: Procurement Planning

To what extent are you in agreement or disagreement to each of the statements below in reference to procurement planning in procurement process? Please indicate the answers of your choice by use of a tick (√) in the spaces provided in the table below: 1=SD=Strongly Disagree, 2=D=Disagree, 3=N=Neutral, 4=A=Agree, and 5=SA=Strongly Agree.

No:	Statements on Procurement Planning	SD 1	D 2	N 3	A 4	SA 5
1	The procurement team engages in needs identification process detailing the reasons why certain medicines and medical supplies have to be procured.					
2	The hospital conducts proper acquisition process which include purchase requisition, review of approval of order, and other relevant steps in accountable and expedited manner to procurement of medicine and medical supplies.					
3	The procurement team always pays close attention to procurement lead time (the duration of order placement to receiving) to ensure uninterrupted service/patient care.					
4	The procurement department ensures just in time purchasing system for non-emergent medicine and medical supplies.					
5	Procurement team always ensures provision of needed medicine and medical supplies to the medical team just as they are required for use.					
6	The procurement department always ensures medicines and medical supplies are received from suppliers before it is below a critical level with the aim of avoiding service interruption.					
7	The management team embraces teamwork to deliver quality services effectively and efficiently, which starts with underpinning proper planning of procurement processes.					
8	The procurement team ensures a clear and elaborate schedule of the timeframes for delivery of procurement of medicine and medical supplies.					
9	The procurement acquisition involves implementation of relevant technologies to ensure adequate level of medicines and medical supplies are maintained in stock.					

Section D: Supplier Management

To what extent are you in agreement or disagreement to each of the statements below in reference to supplier management in procurement process? Please indicate the answers of your choice by use of a tick (√) in the spaces provided in the table below: 1=SD=Strongly Disagree, 2=D=Disagree, 3=N=Neutral, 4=A=Agree, and 5=SA=Strongly Agree.

No:	**Statements on Supplier Management**	**SD 1**	**D 2**	**N 3**	**A 4**	**SA 5**
1	The hospital has a robust supplier selection criteria to ensure superior and high quality suppliers are selected.					
2	The procurement department conducts proper supplier evaluations to ensure that all the suppliers are meeting the hospital standards and requirements.					
3	The hospital evaluates its current suppliers periodically to ensure cost reduction is addressed.					
4	The hospital evaluates its current suppliers periodically to ensure stock out problems are addressed.					
5	The hospital evaluates its current suppliers periodically to ensure delivery delays issues are addressed.					
6	The hospital works with suppliers to ensure the development of a comprehensive supplier portfolio.					
7	Due to the hospitals' strong supplier evaluation, there is no encounter of emergency orders					
8	Certain kind of suppliers are preferred by the hospital due to specific pricing agreement which at times affect stakeholder satisfaction.					
9	The suppliers sometimes supply an alternative medicines and medical supplies as opposed to what they are requested to supply.					
10	The suppliers sometimes commit to deliver the products that they do not have in stock or yet to import which leads to critical stock outs in the hospital.					
11	The hospital sometimes runs in to stock outs due to limited suppliers of certain items.					
12	supplier evaluation positively impacted the hospital's ability to manage costs and maintain profitability					

Section E: Organizational Performance

To what extent are you in agreement or disagreement to each of the statements below in reference to organizational performance? Please indicate the answers of your choice by use of a tick (√) in the spaces provided in the table below: 1=SD=Strongly Disagree, 2=D=Disagree, 3=N=Neutral, 4=A=Agree, and 5=SA=Strongly Agree.

No:	**Statements on Organizational Performance**	**SD 1**	**D 2**	**N 3**	**A 4**	**SA 5**
	Financial Performance					
1	To what extent do you agree that the procurement practice of the hospital has positive impact to the achievement of its financial objective?					
2	To what extent do you agree that the procurement practice of the hospital has positive impact to cost reduction?					
3	To what extent do you agree that the procurement practice of the hospital has increased the day’s cash on hand?					
4	To what extent do you agree that the hospital's procurement practices have a positive impact on its net income?					

Please evaluate organizational performance (in terms of **improved healthcare service**) of Tenwek hospital using the scale below under each question:

1. How frequently do you experience shortages or stockouts of vaital medicines and medical supplies when treating patients?

   [ ] Almost always

   [ ] Frequently

   [ ] Occasionally

   [ ] Rarely

   [ ] Never

2. In regards to procurement services, how satisfied are the health professionals with the quality of medicines and medical supplies available to them for treating patients?

    [ ] Very unsatisfied

    [ ] Somewhat unsatisfied

    [ ] Neutral

    [ ] Somewhat satisfied

    [ ] Very satisfied

3. In regards to procurement services, how satisfied are you with the timeliness availability of medicine and medical supplies to be able to provide care to your patients at the hospital?

    [ ] Very unsatisfied

    [ ] Somewhat unsatisfied

    [ ] Neutral

    [ ] Somewhat satisfied

    [ ] Very satisfied

4. Overall, how satisfied are you with the quality of procuremnt practice of the hospital to provide patient care?

    [ ] Very unsatisfied

    [ ] Somewhat unsatisfied

    [ ] Neutral

    [ ] Somewhat satisfied

    [ ] Very satisfied

APPENDIX 3

Instrument Validity and Reliability of the pilot study.

1. **Reliability test for stakeholders' engagement variable**

Scale: ALL VARIABLES

Reliability Statistics

Cronbach's Alpha	N of Items
.947	9

Scale Statistics

Mean	Variance	Std. Deviation	N of Items
29.1429	56.901	7.54328	9

2. **Reliability test for procurement planning variable**

Reliability Statistics

Cronbach's Alpha	N of Items
.920	9

Scale Statistics

Mean	Variance	Std. Deviation	N of Items
30.5714	39.956	6.32108	9

3. **Reliability- test for supplier management variable**

Reliability Statistics

Cronbach's Alpha	N of Items

.785	12

Scale Statistics

ean	ariance	Std. Deviation	of Items
9.5000	7.192	5.21462	2

4. **Reliability test for organizational financial performance variable**

Reliability Statistics

Cronbach's Alpha	N of Items
.734	4

Scale Statistics

Mean	Variance	Std. Deviation	N of Items
14.1333	7.695	2.77403	4

5. **Reliability test for organizational performance in terms of improved healthcare service variable**

Reliability Statistics

Cronbach's Alpha	N of Items
.835	4

Scale Statistics

Mean	Variance	Std. Deviation	N of Items
15.3333	10.524	3.24404	4

APPENDIX 4

CORRESPONDENCE

Letter from Adventist University of Africa

AUA

Adventist University of Africa

Private Bag Mbagathi
00503 Nairobi, Kenya
Tel (254) 254 733-333-451/452
Email: info@aua.ac.ke
WEB: www.aua.ac.ke

Location:
Advent Hill, Magadi Road, Ongata Rongai

October 14, 2022

ATTESTATION

To whom it may concern:

This is to attest that BIKILTU KENA DEGU is a regular student admitted to the Master of Business Administration program, Department of Social Sciences, Adventist University of Africa.

The student has completed her coursework and is currently writing her thesis entitled: ***Procurement practice on organizational performance: a case of Tenwek Mission Hospital, Kenya***

Any assistance that can be given to her to facilitate the speeding up of this last milestone will be greatly appreciated.

Sincerely,

Marie-Anne Razafiarivony, PhD
Associate Professor of Management
MBA Program Coordinator
Email: razafiarivonym@aua.ac.ke

NACOSTI Approval

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Ref No: 706347

Date of Issue: 22/February/2024

RESEARCH LICENSE

This is to Certify that Ms.. Bikiltu Kenna Degu of Adventist University of Africa, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Bomet on the topic: Procurement practice of medicine and medical supplies on organizational performance; A case of Tenwek hospital for the period ending : 22/February/2025.

License No: **NACOSTI/P/24/32497**

706347

Applicant Identification Number

Director General

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Legal Notice No. 108: The Science, Technology and Innovation (Research Licensing) Regulations, 2014

The National Commission for Science, Technology and Innovation, hereafter referred to as the Commission, was the established under the Science, Technology and Innovation Act 2013 (Revised 2014) herein after referred to as the Act. The objective of the Commission shall be to regulate and assure quality in the science, technology and innovation sector and advise the Government in matters related thereto.

CONDITIONS OF THE RESEARCH LICENSE

1. The License is granted subject to provisions of the Constitution of Kenya, the Science, Technology and Innovation Act, and other relevant laws, policies and regulations. Accordingly, the licensee shall adhere to such procedures, standards, code of ethics and guidelines as may be prescribed by regulations made under the Act, or prescribed by provisions of International treaties of which Kenya is a signatory to
2. The research and its related activities as well as outcomes shall be beneficial to the country and shall not in any way;
   i. Endanger national security
   ii. Adversely affect the lives of Kenyans
   iii. Be in contravention of Kenya's international obligations including Biological Weapons Convention (BWC), Comprehensive Nuclear-Test-Ban Treaty Organization (CTBTO), Chemical, Biological, Radiological and Nuclear (CBRN).
   iv. Result in exploitation of intellectual property rights of communities in Kenya
   v. Adversely affect the environment
   vi. Adversely affect the rights of communities
   vii. Endanger public safety and national cohesion
   viii. Plagiarize someone else's work
3. The License is valid for the proposed research, location and specified period.
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6. The Licensee shall inform the relevant County Director of Education, County Commissioner and County Governor before commencement of the research.
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9. The Commission may monitor and evaluate the licensed research project for the purpose of assessing and evaluating compliance with the conditions of the License.
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11. The Commission reserves the right to modify the conditions of the License including cancellation without prior notice.
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13. The Licensee shall disclose to the Commission, the relevant Institutional Scientific and Ethical Review Committee, and the relevant national agencies any inventions and discoveries that are of National strategic importance.
14. The Commission shall have powers to acquire from any person the right in, or to, any scientific innovation, invention or patent of strategic importance to the country.
15. Relevant Institutional Scientific and Ethical Review Committee shall monitor and evaluate the research periodically, and make a report of its findings to the Commission for necessary action.

National Commission for Science, Technology and
Innovation(NACOSTI),
Off Waiyaki Way, Upper Kabete,
P. O. Box 30623 - 00100 Nairobi, KENYA
Telephone: 020 4007000, 0713788787, 0735404245
E-mail: dg@nacosti.go.ke
Website: www.nacosti.go.ke

Approval from Tenwek Hospital

TENWEK HOSPITAL

A Ministry of Africa Gospel Church

P O Box 39-20400
Bomet-Kenya
Postal Address:

Telephone: (254) 728-091900, 20-2045542
E-mail info@tenwekhosp.org
Website www.tenwekHospital.org

Date: May 16th 2023

Dear Ms. Bikiltu and Ms. Eva,

RE: 2023-0008; "Procurement practice of medicine and medical supplies on organizational performance: A case of Tenwek Hospital, Kenya"

This is to inform you that the Tenwek Hospital ISERC Executive Committee has reviewed your submissions and accepted your responses and corrections and now approves your proposal titled above. This approval period is from **16th May 2023** to **15th May 2024**.

This approval is subject to compliance with the following requirements

i. Only approved documents including informed consent, proposal, and study instruments to be used.
ii. All changes including amendments, deviations, and violations are submitted for review and approval by the Tenwek Hospital ISERC.
iii. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported in writing to the Tenwek Hospital ISERC within 72 hours of notification.
iv. Any changes anticipated or otherwise that may increase the risk affected the safety or welfare of study participants and others or affecting the integrity of the research must be reported to the Tenwek Hospital ISERC within 72 hours.
v. Clearance for export of biological specimens must be obtained from relevant institutions if applicable.
vi. Submission of a request for renewal of approval at least 60 days prior to the expiry of the approval period. Fill out an annual renewal form from the website and attach a comprehensive progress report to support the renewal.
vii. Submission of an executive summary report within 90 days upon completion of the study to the Tenwek Hospital ISERC.

Prior to commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology, and Innovation (NACOSTI) https://research-portal.nacosti.go.ke and any other relevant clearances needed.

Blessings in your study.
Sincerely,

Dr. Miriam Wanjala
ISERC Chairperson on behalf of the ISERC Committee.

Tenwek Hospital is a Christian community committed to excellence in compassionate healthcare, spiritual ministry and training for service.

Curriculum Vitae

Personal Information

Full Name: Bikiltu Kenna Degu

Nationality: Ethiopian

Email: kennab@aua.ac.ke

Academic credentials

2012 **Bachelor of Arts in Accounting at *Adama Science and Technology University, Adama, Ethiopia***

Professional Accomplishments

Feb 2015 – Nov 2017 **Assistant Accountant**, *Malamulo Hospital*, *Thyolo, Malawi*

Aug 2012 – Oct 2014 **Junior Accountant**, *Oromia International Bank, Addis Ababa, Ethiopia*

July 2011 – Sep 2011 **Intern Accountant**, *Lutheran World Federation, Addis Ababa, Ethiopia*