



# The Procurement Process and its Effect on Value Chain in the Humanitarian Relief Operations of World Food Programme Operations in Kenya

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## ABSTRACT

**Background:** In the current competitive environment, the need for better management of all resources, and especially procurement requires a comprehensive assessment of their contribution to the organization's performance. However there is little empirical evidence in the humanitarian sector that procurement is capable of creating value, nor has a comprehensive framework of its business value emerged.

**Aim:** To evaluate the procurement processes in the World Food Programme operations in Kenya and study its contribution to the value chain.

**Setting:** The study is a case study of the United Nations World Food Programme in Kenya, provides a recommendation on how procurement can be used to increase the organization efficiency through an acquisition function that looks beyond cost reduction. This paper introduces the reason for the study, which is operations efficiency of the WFP Kenya Country Office that has been facing several resource constraints and needed to analyze its operations and reduce cost by closing some subsidiaries (sub-offices) and laying off personnel.

**Methods:** This paper discusses a conceptual framework of the organization operations efficiency through procurement by critically studying the literature on Value Chain, Supply Chain Management, and Procurement.

**Results:** The organization will benefit from this work by developing procurement beyond cost reduction to operations efficiency by strategically revising its Procurement processes. The development can be achieved by improving; contracts management, suppliers relationship management, suppliers development, partnering, global sourcing, community development and local infrastructures development.

**Conclusion:** This paper calls for more integrative view in looking to a solution that increases the organization value chain as a consequence of increased procurement efficiency that triggers improved value chain. This document has used the triangulation methods to explain its findings and results that are obtained through the utilization of descriptive statistical tools with support of online application like Survey Monkey and Statistics Process for Social Science for data analysis.

**Keywords:** Value Chain, Supply Chain Management, procurement, purchasing, and supply management

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## 1.1 Background of the study

All organizations need inputs and services from suppliers or providers. In this dissertation, the author examines the role of procurement in managing these inputs and recommend ways in which the activity of procurement can contribute to the efficiency and effectiveness of organizations ( Baily et. al., 2008).

The underlying principle of humanitarian assistance is to help people in need. The principles guiding humanitarian relief operations are: firstly, those affected by the disaster of conflict have the right to live with dignity. Secondly, all possible steps are taken to alleviate human suffering. However, humanitarian aid has demonstrated its ineffectiveness at a macro level (Haavisto and Kovacs, 2014).

This research aims to improve the efficiency of the humanitarian assistance carried out by the World Food Programme in Kenya covering 2.5 million beneficiaries. WFP assists refugees from Somalia and South Sudan, and Kenyan population living in the arid and semi-arid lands (ASAL) who are food insecure (WFP, 2015). Kenya also hosts close to half million refugees residing in eight refugee's camps of Dadaab and Kakuma, and additional 50 000 refugees are believed to be living in urban areas (WFP Strategic document, 2012). The Kenyan food insecure population are found in the northeastern

region and central region. Both types of beneficiaries receive food supplies through a general food distribution and cash & voucher for assets creation and to schools in support to the school feeding programme.

This study analyzes the operations' efficiency through investigating the organization value chain. The research study how are the procurement processes carried out. It examines the effect of procurement on the value chain. The primary budget element of humanitarian assistance is food commodities and related costs, representing almost 85% of the operation cost. The remaining 15 percent represents the cost of wages, salaries and overhead, which is referred as direct support cost (DSC). In both budgets element, procurement plays a prominent role, as food commodities have to be procured whether by the donor country or by the organization. WP is donor funded. Donations are received as cash or in-kind ( where the donor country buys and delivers food to WFP). In the case of money, food is procured from the local, regional or international market. Even in the case of direct support cost budget, apart from wages and salaries payment and others administrative liability, procurement of nonfood items also consume a significant portion of the 15%. When in-kind assistance is provided, purchase of food commodities and its transportation to the country of need is also a costly operation. According to Bagchi et al. (2011), the cost of pairing the food supply contracts and of the carriers suffer bid gaimming [sic]. By so doing increases the prices of the humanitarian assistance (Bagchi, et al., 2011).

The study is developed in Kenya, which is classified as lower-middle-income country, food deficit, and is ranked 147<sup>nd</sup> out of 187 countries in the 2013 human development index (UNDP, 2014). Kenya has the Gross Domestic Product, (GDP) per capita of \$1,280.00 (World Bank, 2015), which surpasses the World Bank threshold of 1,036.00 of a low-income countries (Copley, 2014).

According to Garcia (UNDP, 2012), there has been little improvement in the nutritional situation for the past two decades in the sub-Saharan Africa. Malnutrition continues to be at severe or critical levels. Nearly 30 percent of Kenya's children are classified undernourished and micronutrient deficient.

According to WFP Kenya strategic document:

“A Kenya that is free from hunger and malnutrition where all Kenyans and refugees have access to safe and adequate food ” (WFP, 2013) is the organization mission “

WFP strategic document is in line with the Government's vision of reducing the number of insecure food Kenyans as part of its Vision 2030. WFP's mission in Kenya is to use its experience in developing and delivering sustainable hunger solutions to support the government Vision 2030. The Vision 2030 aims to reduce hunger, prevent malnutrition and improve human capital by removing barriers to primary education caused by lack of food. WFP is partnering the Government to materialize the above vision.

### ***1.1 Research objective.***

The purpose of the study is to evaluate the procurement processes in the World Food Programme operations in Kenya and study its contribution to the value chain. The understanding of the procurement, support activity of the value chain model, will have an impact on the overall value chain and efficiency improvement.

### ***1.2 Specific research objective***

The above research objective is achieved through the below three specific objectives:

- 1) Critically evaluate the contribution of the procurement process from a value creation perspective.
- 2) Determine the volume of food commodities planned and purchased locally and in-kind.
- 3) Formulate a recommendation to WFP Kenya executives on procurement management.

### ***1.3 Statement of the Problem***

The world is facing unprecedented financial crisis and insecurity. Armed conflicts are arising everywhere in the world. There are conflicts in Eastern Europe with the war in Ukraine. The Islamic State in the war in Iraq and Syria as well as the conflict between Israeli and Palestinian in the Middle East. The political conflict in South Sudan is in its 2<sup>nd</sup> year, not to mention the displacement of people caused by the insurgency of Boko Haram in Nigeria. The Ebola epidemic outbreak in East Africa and its resumption in Liberia. The earthquake in Nepal decimating 8,800 and injuring more than 23,000 on 25 April 2015, etc.

These manmade and natural disasters displace people from their homes, forcing them to rely on humanitarian assistance. Unfortunately, funds to support these emergencies come from the same source - developed countries, governments, philanthropic organizations, and individual. The competition for donor resources is worsened still by the global economic crisis. As a result, donors are having to prioritize emergencies meaning not all crises get funded.

The significance of this paper is to demonstrate how procurement can be used as a competitive advantage of any organization. A strategic procurement translates into better utilization of the scarce resources of WFP. One way to achieve efficiency is to analyze the procurement activity that are carried out toward completion of an organization objective and mission. The researcher chooses to investigate the effect of the procurement processes as a contribution to the value chain of the humanitarian operation. Thus, through a proper investigation of how procurement processes are conducted, it can

improve the organization value chain. By determining the actual contribution of procurement function as one of the support activity of the Porter generic value chain model (Porter, 1985), the organization's operations is reviewed and tuned to the most efficient and effective functioning.

The refinement of the procurement activity triggers the supply chain's improvement. Therefore, the result of strategic procurement will lessen the frequency of pipeline disruption. An increase efficiency and effectiveness will also create value for all stakeholders. A better strategic procurement, a study of demand versus supply of product and services combined with timely resources mobilization will improve the resource's flow. By improving the procurement activity, the organization's value chain improved. All stakeholders, therefore, beneficiaries, employees, the government of Kenya donors and donors will benefit through value creation. Disruptions of programmes, rations cuts, and downsizing will be eliminated or reduced.

## 2.0 LITERATURE REVIEW.

### 2.1 Theoretical Literature review

Organizations operate to complete a mission and an objective. The products and services they provide to customers are subject to interrelated activities before they are made available to the costumers. Organizations work together to respond to the market demands, wants, and needs. Companies acquire raw material, process the raw material through a transformation process and produce goods and services required by customers. The Input- Output transformation process of any firm is illustrated in figure 2. The literature review starts by discussing the operations management theories from Slack et al., (2010) transformation process. After this start, the work of Porter (1984) on value chain is used. This work will enable to analyze what activities are required to produce what the customers need after the company has received the raw materials efficiently.

For the transformation process to take place, it requires a design. In the humanitarian activity such of WFP, the design is the activity that is conducted by the programme team. They determine the type of intervention the beneficiaries will receive. According to Awuor (2014), the design is the captivity that shapes the physical form and purpose of both products and services and the processes which produce them. And he proceeds arguing that suppliers must have access to product design as early as humanly possible in the design process to assume optimal use of any particular skills or process they may contribute.

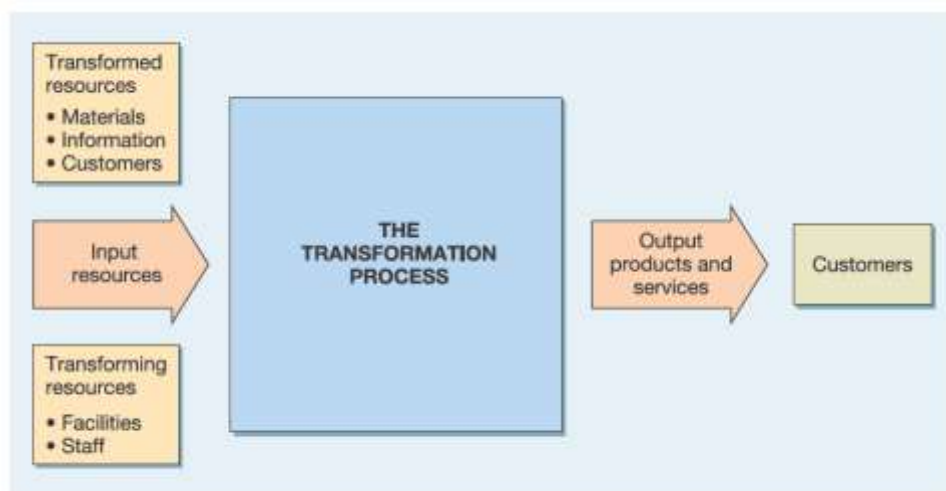


Figure 2. All operation are Input – Transformation – Output processes

Source: Slack et al., (2010)

According to Slack et al. (2010) operations management is critical. The Operations Management is concerned with creating products and services from which we all depend on for our daily life. And all organizations produce some mixture of goods and services, whether the firm is small or large, manufacturing or service, for profit or not for profit, public or private. Thankfully, most companies have realized that effective operations management gives the potential to improve both efficiency and customer service simultaneously. This research analyzes how the operations management is conducted, with a focus on procurement, as an element of the value chain in the creation of services and products, to improve WFP Kenya's efficiency.

According to Porter (2004) in his book titled "Competitive Advantage; creating and sustaining superior performance" (Porter, 2004). And according to Johnson et al., (2014) the term value chain describes the categories of activities performed within an organization that together create a product or service, and links them to the competitive group position (Porter, 2004; Johnson, et al., 2014).

Porter (1985) argues that the firm's value chain is composed of primary and support activities that can lead to competitive advantage when correctly configured.

Johnson, et al. (2014) argue that organizations do not operate in isolation. They are part of a wider value system. They describe the term value system as a set of inter-organizational links and relationships that are necessary to create a product or service. (Johnson, et al., 2014)

Both concepts are useful in understanding the strategic position of an organization and they indicate where organization's capabilities reside.

Porter (1984, 1985), argues that value chain is a general framework for thinking strategically about the activities involved in any business and assessing their relative cost and role contribute to the competitive advantage of any organization. Porter (2004) continues arguing that there are two primary ways that a firm can gain cost advantage: Through control of cost drivers. By gaining an advantage on the cost drivers of value activities representing a significant proportion of the total cost. Or through reconfiguring the value chain. By adopting a different and more efficient way to design, produce, distribute or market the product.

In any given industry, even in nonprofit, organizations must perform a vast array of diverse activities such as inbound logistics, operations, outbound logistics, marketing and sales, customer services procurement, technology development, finance, research, and development, which together create a particular product or services. Figure 3 illustrates the type of activities categorized in direct and support services constituent of an organization to create shared value.

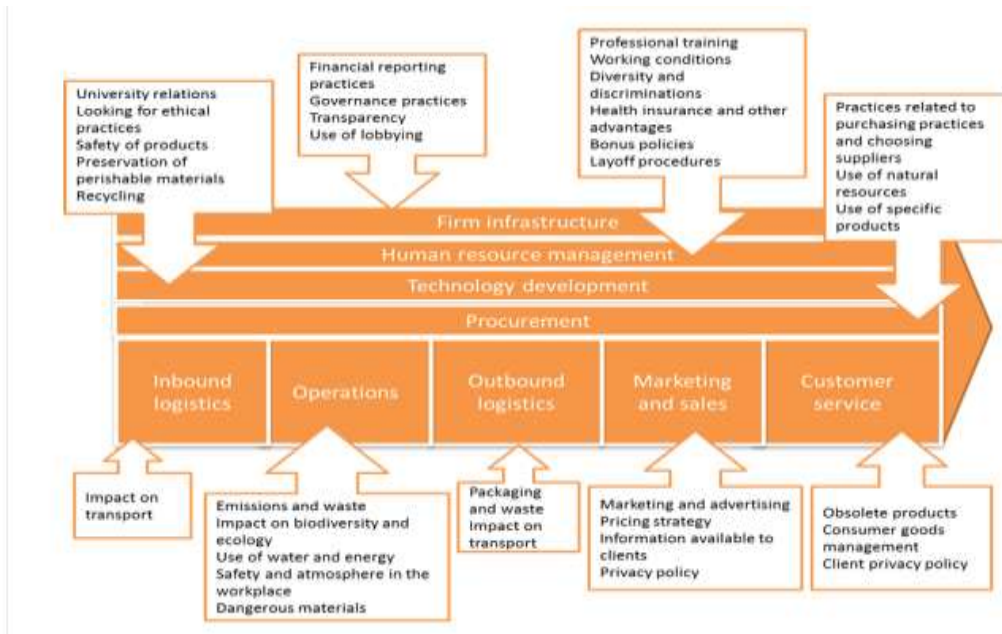


Figure 3. Porter and Kramer's CSR Value Chain

Source: Porter (1985)

In the above illustration, the primary activities are directly concerned with the value creation or delivery of products or services. In the case of WFP, operations are represented by programme division, composed of the three programmes concentration area (Refugee, Recovery, and Country Programme). The Vulnerability Assessment and Monitoring, Innovation, Logistics, Donor Relation, and Reporting and Public information support the above.

WFP Kenya organizational structure has its support activities composed of Human Resources, Information Technology, Procurement, Firm and Infrastructure that include Finance, Administration, Resource Management, and Security Services.

Johnson et al., (2014) in their book exploring strategy argue that; "If organization are to achieve competitive advantage by delivering value to customers, managers need to understand which activities their organization undertakes that are especially important in creating value and which are not" (Johnson et al., 2014)

Johnson et al., (2014) argue regarding the organization that the strategy inside an organization can exist at three primary levels. The same are illustrated in figure one. What follows describes the three level:

"**The corporate-level strategy** which is concerned with the overall scope of an organization and how value is added to the constituent business of the organizational as a whole.

**The business-level strategy** is about how the individual business should compete in their particular markets. For this reason, the business-level approach is often called competitive strategy.

**The operational strategies**, which are concerned with the components of an organization, deliver the corporate and business level strategies effectively in term of resources, processes and people. (Johnson et al., 2014:7).

WFP Kenya having resource constraint has used part of the operational strategies, restructuring the workforce ( people only) to mitigate the lack of funding by cutting cost. The adopted approach overlooked other elements of the operational strategies. The third level of the conceptual paragraphs above – resources and processes - were not used, and the two other strategies levels, corporate and business, were also not taken into consideration.

At the corporate level, the key term value addition to the scope and the constituent business as a whole will be described using Porter (1985) concepts.

The author uses the value chain model to understand the strategic position of WFP and analyzes its strategic capabilities in three ways. A) As a generic description of activities, in analyzing the competitive position using VRIO (Value, Rarity, Inimitability, and Organization) support criteria, to explain the cost value of activities. The researcher used this last approach to observed sets of activities by A) which separate categories of activities best describe the operations. B) Which of the activities are most significant in the strategy attaining the organization's purpose. The ultimate use of the value chain framework is to pinpoint where and how can costs be reduced (Johnson, et al., 2014).

According to Peter, et al. (2011) in their report on Measuring share value by linking business to social development. They argue that companies pursue shared value at three levels. Much like any business strategy, shared value strategies are unique and tailored to an individual company. As the Harvard business review article explains, companies can pursue shared value opportunities on three levels: reconceiving products and markets. Redefining productivity in the value chain, and enabling cluster development. The share value opportunities at each level will differ by industry, company and geography, depending on how a company's particular business and strategy intersect with social issues.

Creating shared value from reconceiving products and markets focuses on revenue growth, market share and profitability that arise from the environmental, social or economic development benefits delivered by a company's product and services.

Creating shared value from redefining productivity in the value chain focuses on improvements in internal operations that improve cost, input access, quality, and productivity achieved through environmental improvements, better resource utilization, investment in employees, supplier capacity and others areas.

Creating shared value from enabling local cluster development derives from improving the external environment from the company through community investment and strengthening local suppliers, local institutions, and local infrastructure in ways that also enhances business productivity.

The value creation through cost reduction is achieved by performing efficiently all discrete activities. The researcher focuses his work on the procurement action and uses Technology advancement (e- procurement, ERP, m-procurement, etc.) as a business enabler. The following paragraph will introduce the literature review sub-item for discussion on the supply chain.

Hugo and Badenhorst- Weiss (2011) argue that the term supply chain management (SCM) covers the flow of product from all levels of supply through the manufacturing and distribution chains to the final customer. Handfield, et al. (2011) argue that supply chain management endorses a supply chain orientation and involves proactively managing the two-way movement and coordination of goods and services, information and funds from raw material through the end user. Supply chain management is also described as the process of planning and controlling the flow of inputs (information and materials) from suppliers ' supplier to the customers' customer (Awuor, 2014).

According to Handfield et al. (2011, p.13) the term Extended value chain or extended enterprise describe the expansion of the original value chain model, which is focused primarily on internal participants to include suppliers and customers who reside well upstream and downstream from the local organization. Multiple levels of providers and clients form the foundation for the extended value chain.

Handfield et al., defined supply chain as a set of three or more organizations linked directly by one or more of the upstream ( with suppliers) or downstream ( with customers) flows of products, services, finances, and information from a source to a client.

According to Cachon and Terwiesch (2013), supply chain performance depends on the actions taken by all of the organizations in the supply chain; one weak link can negatively affect every other location in the string. While everyone support in principle the objective of optimizing the supply chain's performance, each firm's primary goal is the optimization of its performance. And unfortunately, self-serving behavior by each member of the supply chain can lead to less than optimal supply chain performance.

Another challenge to supply chain coordination comes from the incentive conflicts among the supply chain's independent firms. An action that maximizes one firm's profit might not maximize another company's profit. The above concepts of supply chain coordination are extended to the a value chain perspective. Like all activities in a value chain should be in synergy and profit maximization of an activity of one value chain activity can jeopardize the all value chain creation. This happens to WFP where each project tries to work independently from others while the projects use the shared support services platform (Cahon & Terwiesch, 2013).

Handfield, et al. (2011) argue that purchasing defines a functional group (i.e., the legal entity on the organizational chart) as well as a functional activity (i.e., buying goods and services). The purchasing group performs many operations to ensure it delivers maximum value to the organization. (Handfield, et al., 2011).

According to the same researchers, supply management is not just a new name for purchasing but a more inclusive concept. They feel supply management is a strategic approach to planning for and acquiring the organizations' s current and future needs through effectively managing the supply base, utilizing a process orientation in conjunction with a cross-functional team to achieve the organizational mission. Peter (2004) argues that procurement practices have a potentially significant impact on cost position that cuts across activities. Some possible changes in supply can reduce costs: tune specifications of purchase; Enhance bargaining leverage through purchasing policies; select appropriate suppliers and manage their costs.

According to Hugo and Badenhort-weiss (2011) supply management can be defined as using the same purchasing management activities as a strategy to attain organizational objectives. Far more emphasis is placed on the control of the supply. Handfield et al. (2011) define the terms as a strategic approach to planning for and acquiring the organization's current and future needs through effectively managing the supply base, utilizing a process orientation in conjunction with cross-functional teams to achieve the organization mission (Handfield, et al., 2011)

The term procurement is broadly defined as the overall function that describes the activities and processes to acquire goods and services ( Purchasing Insight, 2015). According to more recent developments, the procurement function is managed in an integrated management approach know as supply chain management. In this approach, all suppliers and buying organizations involved in the process of putting a product on the market, from raw material to final consumer, are perceived as a unified entity ( Hugo and Badenhorst-Weis, 2011).

Baily et al. (2008) argue that:

“ if the purchasing function is to spend more of its time on strategic acquisition and al that this involves, certain aspects of the purchasing activity, in particular, the handling of low value and transactional purchasing, are likely to be devolved to users or questionnaires. Such internal repositioning of the purchase activity to other functions is likely to occur at stage 3 and 4. Otherwise, purchasing could have difficulty to making a significant contribution to the value chain efficiency” ( Baily et al., 2008:30-31)

Table 1 of Appendix B provides purchasing development stages and performance capabilities. Only developing procurement at this level in WFP will have a saving on the total cost of ownership that is 20 percent plus.

Since 2012, WFP Kenya has continually faced funding problems and consequently pipeline break. For that reason, the organization has seen some challenges to fulfill its mandate due to resource constraint. Also, to financing and staff expertise in some field has also had a shortcoming. Other gaps observed during the crisis are operational issues such as massive payroll, a tremendous cost increase in travels and security convoys, and panic purchase to respond to excess funds at projects closure time.

Other challenges observed are programme activities alignment with donor's interest earmarked funds to the particular project. As a strategy to respond to the lack of funding, WFP Kenya adopted the restructuring to reduce operational cost. The office conducted a strategic review, which culminated in the laying-off staff and applied natural attrition – no replacement of non-critical staff when one leave the organization.

From the above, WFP Kenya has adopted the strategy of cost containment through restructuring. However, is there any other strategy that the organization could have taken in addition to staffing restructuring?

As introduced above, Michael E. Porter value chain is the framework the author used to understand and diagnose WFP situation. The first question the researcher asked is how WFP has been operating compared to the best in class benchmarking its operations to other organizations performance or capabilities from whichever industry. The results will enable t overcome some of the above limitations (Johnson, et al., 2014).

The author also uses Value Chain and Value System to evaluate and understand the organization performance.

According to Wit and Meyer (2005) to carry out activities and produce goods and services, organizations need resources. A firm's resource base includes all means at the disposal of the institution in performing value-adding activities. Under the broad umbrella of resources-based view of the firm, there has been much research on the importance of resources to the success and even existence of companies. A humanitarian organization also operates with resources. Tangible and intangible resources are needed throughout the organization to carry out its mandate and resources are becoming scarce, due to the number of conflicts arising around the world. Porter and Kramer ( 2002) states that corporate philanthropy is in decline and that charitable contributions by the United States companies fell 14.5 % in real dollars last year, and over the last 15 years, corporate giving as a percentage of profits has dropped by 50%. The U.S. is the primary contributor to WFP globally and in Kenya its contribution has decreased by 45% from 2014 to 2015.

With the limited availability of resources allocated to the humanitarian organizations, managers are called to make a decision on value - adding activities to relief beneficiaries' suffering. The provision of relevant information for decision-making is one of the most important function of management accounting (Atrill and McLaney, 2013). Drury (2012) states that decision involves choosing alternatives. For examples; Institutions may be faced with the decision to discontinue an intervention, abandon a distribution centre, subsidiary or implementing partner, elect to purchase from different source ( country or regional market), from the store of pre- positioned commodities ( FPF – Forward Purchase Facility ) stocks, provide cash instead of in-kind food. All these decision-making are made through the provision of relevant information vis-a-vis the relevance or irrelevance of costs implication to the activity being analyzed (Atrill and McLaney, 2013).

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### 3.0 Empirical Literature review

The following section on the empirical literature review study the works of researchers like secondary data to improving the efficiency of the humanitarian relief operation. The empirical literature is hereafter used to strengthen the case for the author analysis, recommendation and conclusion on the efficiency improvement of WFP Kenya through the improvement of the value chain from the procurement activity.

How to increase efficiency is the aims of this piece of work. Van Wassemhove (2006, p:475) cited in the work of Cozzolino (2012) in Humanitarian Logistics that:

“Since disaster relief is 80% logistics, it would follow then that the only way to achieve this is through an efficient and effective logistics operations and more precisely, supply chain management “ (Wassemhove, 2006).

The Evaluerve report (2011) on Global trends in the humanitarian organization argues that online marketing strategy will be critical for fundraising. From the Evaluative value chain model, donors contributions are the inputs of the Input – transformation – output model for nonprofit firms. The author used the framework to conceptualize how WFP underpins its competitive advantage and its sustainability. Figure 3 illustrate the value chain of a philanthropic organization. The illustration calls on the fact that donors, mode of contributions and the cause constitute the value chain model of the nonprofit organization.

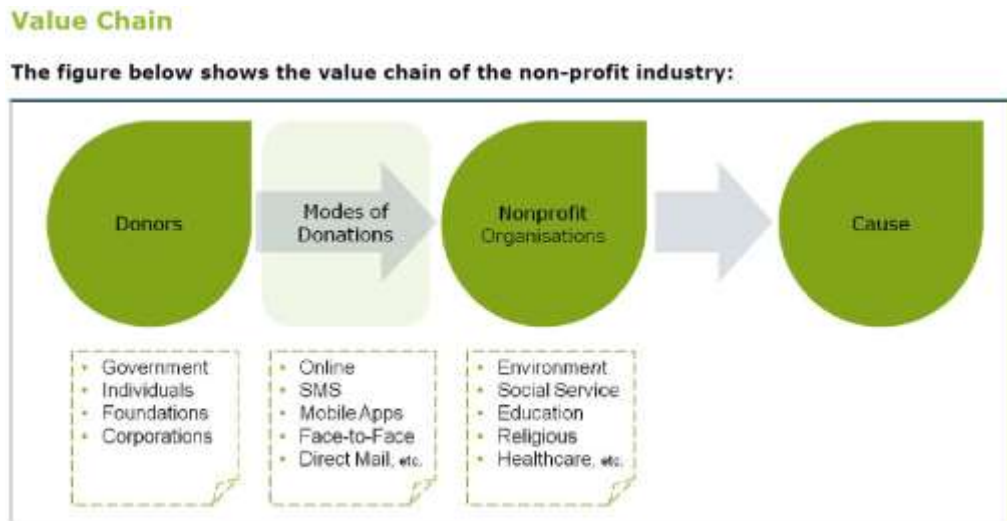


Figure 4. Not for profit industry value chain

Source: Stabell and Fjeldstad (1998).

According to Stabell and Fjeldstad (1998), building on Thompson's topology of long-linked, great, and mediative technologies. They argue that there are three distinct value configuration models required to understand and analyze firm-level value creation logic across a broad range of industries and firms. While the long-linked technology delivers by transforming inputs into products. The intense technology provides value creation unique customer problems, and the mediating technology delivers value by enabling direct and indirect exchanges between customers.

With the identification of alternative value creation techniques, value chain analysis approach to the diagnosis of competitive advantage. With the long-linked technology and the corresponding value chain configuration model as a benchmark.

With Stabel and Fjeldstad work, we can quickly conclude that WFP Kenya has long linked technology as it transforms the inputs, donor funding, to products – food assistance to the beneficiaries.

According to QuickMBA (2010) describes vertical integration as a degree to which a firm owns its upstream suppliers and its downstream buyers. Vertical integration can have a significant impact on a business unit position in its industry on cost, differentiation, and other strategic issues. As humanitarian organization WFP Kenya can not own upstream and downstream but use coordination of the up and downstream as a form of integration, to maximize its efficiency. WFP Kenya outsources the activities it can not carry out, which are not core activities to its mandate. Distribution of food, transportation of commodities to the refugee camps, and camps management are left to the corporating partners.

Rohm et al. (2014) state that using pre-positioned warehouses at strategic locations around the world is an approach commonly taken by some humanitarian relief organizations to improve their capacities to deliver sufficient relief aid within relatively a short time frame, and provide shelter and assistance to disaster victims. Although research on the facility location problem is extensive in both theory and application, such approaches have received little attention from the philanthropic relief perspective. Their paper contributes in the pre-positioning of warehouses in a macro (which country, which region) and micro (the immediate locality) perspectives and analyzes the managerial implication of those decisions. In another article, it is stated that pre-purchasing of stocks in a pre-positioned warehouse is considered to be the best for maximizing the effectiveness of the humanitarian aid supply chain (Roh, et al., 2013).

As a practice, WFP Kenya uses the prepositioning of commodities in camps and warehouse closest to the fields and others beneficiaries, for operations such as food for assets, fresh food vouchers, etc. However the prepositioning of commodities happen to preempt a pipeline break due to environmental changes – weather conditions affecting road access during a period, or due to the manmade changes to road accessibility, an example is in preparation for the 2013 general election in Kenya to mitigate effects of possible election violence. To do so requires a planning of commodity and acquisition, movement, storage, and further distribution.

Chande and Pache (2010) describe the process of planning, implementing and controlling the efficient and the effective flow and storage of goods and materials. They represented as well the related information from the point of origin to the point of consumption for alleviating the suffering of vulnerable people. The function encompasses a range of activities including preparedness, planning, procurement, transport, warehousing, tracking and tracing, and customs clearance. In this thesis, we plan to use the information available on the organization supply chain to recommend the path to improving the organization value chain.

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#### 4. RESEARCH METHODOLOGY

The research will use triangulation methods; conduct interviews with the key staff related to the purchasing and supply management, administer questionnaires to respondents that are impacted, positively or negatively by the procurement, supply chain and value chain performance. The collected data, qualitative and quantitative will be analyzed using descriptive statistics and thematic analysis. WFP Kenya has 413 employees, distributed in 10 locations called sub-offices. It is the sample of this population that the author intends to survey. The purpose of using a sampling is to enable the author make an inference about a population after inspecting only a portion of that population, in this case, a subset of the 413 WFP employees using a judgmental or convenience, nonprobabilistic's sampling (Shayib, 2013). A size of 60 staff is chosen as an adequate sample; it is greater than 30, which is considered as the smallest acceptable sample size, and the size represents close to 15 percent of the population with a confidence level of 95% and the Error 15 percent (Khanzode, 2007). The sample size was computed according to Creative Research System calculator (Creative Research System, 2012). The confidence interval of 11.7 percent was taken which represent a percentage of a sample that picks a particular answer to determine the sample size for a worse scenario of 50 percent.

The study will collect quantitative and qualitative data from the primary and secondary source. The primary data are directly related to the research, and the secondary data are operational data that were not directly produced for the purpose of the study. The primary data of the study will be gathered through a questionnaire, reinforced by the additional type of questionnaire and interviews with the leading managers directly related to the organization operations. The secondary data will be collected through the various documents produced such as Annual Reports: Standard project reports, management reports that can provide insights into the status of the procurement. The researcher works with the assumption that the organization will facilitate the access to the information.

The researcher ensures that the study is accurate through the methodology used to define the sample, the data techniques used for collecting data. The usage of Information technology to contact the respondents - Survey Monkey - has been used worldwide for survey and the use of the same granting an almost un-bias results. Descriptive statistics will be used to analyze that qualitative and quantitative data collected for the purpose of responding to the research questionnaire. The data analysis will be conducted using survey monkey and SPSS (Statistical Package for Social Science) for the qualitative data. The export of data from the Survey Monkey is a feature built into the application.

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#### 5. FINDINGS, RESULTS AND ANALYSIS

##### 5.1 Stand on procurement efficiency role.

The survey requested the key managers to provide their opinion on the procurement vis a vis its effectiveness through saving that can derive from a well-performing procurement function. The view of manager is an indication of how efficient the procurement function is seen and relation to its strategic role. The researcher used the SPSS to get the results on the open-ended question to key managers on their position vis a vis a procurement efficiency with is below represented in the below table. All were unanimous in confirming the role procurement will play in making saving for the organization. The below tables present the answers received from the respondents.

From the respondents' responses; they all believe that procurement can make saving because projects are dependent on the quality, timeliness of delivery, and an acquisition cost of equipment. A much more efficient procurement unit will have its processes well designed generate saving on the funds allocated for the purchase of goods and service. Therefore, there is a need to place the right capability to manage the procurement function. A well-developed sourcing and supply management will have a strategic role in the delivery of the organization objectives.



Table 12. Present the respondents frequency of contacts with procurement from key managers.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes - bulk buying and buying only what is necessary	1	12.5	12.5	12.5
	Yes - bulk procurement and long term agreements make savings	1	12.5	12.5	25.0
	Yes - I believe our procurement processes could be more efficient.	1	12.5	12.5	37.5
	Yes, by planning purchases strategically, ensuring the right purchases are made on time and delivered at the right time.	1	12.5	12.5	50.0
	Yes, given the variety the market offers and by choosing the right suppliersg	1	12.5	12.5	62.5
	Yes. Considerable amount of WFP program budget goes to buying goods and service. For this reason, it's important that WFP puts the required resource (human and financial) to ensure the program	1	12.5	12.5	75.0
	Yes. The most effective projects rely and having the best value equipment and services. Resources are wasted when projects do not achieve results because the systems or equipment or expertise that WFP has paid for do not perform well.	1	12.5	12.5	87.5
	Yes...promote value for money	1	12.5	12.5	100.0
	Total	8	100.0	100.0	

### 5.2 Frequency of contacts on overall staff with procurement

The survey attempted to capture the frequency of contacts with the procurement function by the total staff. The frequency of contacts related to present the difficulty of staff to have their order sorted out somehow. Therefore, employees wasted time of repeatedly seeking an update from procurement. The below table gives the answers received from the respondents.

Table 13. Respondents frequency of contacts with procurement for overall staff

Answer choice	Frequency	Percentage
Weekly	18	37
Monthly	17	35
Quarterly	11	22
Every six months	2	4
Yearly	1	2
<b>Total</b>	<b>49</b>	<b>100</b>

### 5.3 Procurement deliverables.

The survey questionnaire also assessed the respondents regarding their agreement or disagreements regarding various procurement's delivery. The results to this question described using weighted average how the staff feels on the current procurement delivery. The table that follows provide the responses of the respondents. The results show that 49 percent are slightly in agreement that they are satisfied with the service. Twenty percent are as well in somewhat happy that they received services on time. There is somewhat split view on the fact that procurement provides an update to its clients 26 percent slightly disagreed and 15 percent slightly agreed and 11 percent remained neutral. The trend was neutral for the question regarding the use of LTA was 46 percent, and only 26 percent were slightly in agreement. And finally close to 54 percent compounded respondents were not disappointed with the service received from procurement.

Table 14. Statement of procurement deliverables.

	strongly disagree	slightly disagree	Neutral	slightly agree	strongly agree	Total	Weighted Average
I am satisfied with the services received from procurement.	6.12% 3	10.20% 5	18.37% 9	48.98% 24	16.33% 8	49	3.59
Procurement responds to requests in timely manner	14.29% 7	22.45% 11	12.24% 6	40.82% 20	10.20% 5	49	3.10
Procurement provides update of purchase status	18.37% 9	26.53% 13	22.45% 11	30.61% 15	2.04% 1	49	2.71
Procurement uses most often an LTA to award contract	4.08% 2	10.20% 5	46.94% 23	26.53% 13	12.24% 6	49	3.33
I am disappointed with the service I receive from procurement	24.49% 12	30.61% 15	16.33% 8	24.49% 12	4.08% 2	49	2.53

In the same logic, key managers were requested to provide their opinion if procurement process can have an effect on the value chain and to explain their responses.

The key managers were unanimous on this topic. The answers vary from the early involvement of procurement in the design process to the procurement being a cost reduction. Procurement being part of the value chain hence add value to WFP's value chain. And others managers stretched on the fact that being donors funded organization it was important to demonstrate efficiency in procurement could be a pick of the effectiveness by delivering goods and service on time, at right quality and quantity and to the right place. The table below represent the results of the analyze through using SPSS.

Table 15 Key managers responses on procurement effect

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid				
Planning and design of program taking into account procurement needs	1	12.5	12.5	12.5
Yes - by creating a demand, requiring quality products, by creating competition, by supporting markets, etc	1	12.5	12.5	25.0
Yes, because costs can be reduced through procurement	1	12.5	12.5	37.5
Yes, for example I think achieve improved nutritional outcomes by leveraging market-based systems.	1	12.5	12.5	50.0
Yes, procurement is actually part of supply chain and adds value to WFP's value chain, with services and goods, food purchased at the right time and right price and	1	12.5	12.5	62.5
Yes, WFP resource is coming from volunteer donors. It's important to buy goods and service at the right time, right price and delivered to the right people. For this to happen the procurement of goods and services needs proper planning, constant market survey and foster competitive bidding process.	1	12.5	12.5	75.0
Yes. The procurement process is critical to WFP being able to deliver on its mandate. When the process fails, WFP fails.	1	12.5	12.5	87.5
Yes...see above	1	12.5	12.5	100.0
Total	8	100.0	100.0	

**5.4 Views regarding procurement in general.**

The respondents were requested to quote procurement regarding its performance. The results from both the overall staff and key managers are below presented. The results from both groups of respondents are similar, and both have the same weighted average slightly in their responses. They believe procurement work for cost reduction and that procurement has the efficiency as a primary goal. They strongly agreed that it take to long the awarded contract, and the key managers group understand better the value of procurement on WFP performance.

Table 16. Views regarding procurement from overall staff

	Not true	slightly untrue	Neutral	slightly true	Very True	Total	Weighted Average
I feel procurement works for cost reduction as a main goal	0.00% 0	10.20% 5	30.61% 15	32.65% 16	26.53% 13	49	2.80
I feel procurement works for efficiency as a main goal	8.33% 4	27.08% 13	10.42% 5	45.83% 22	8.33% 4	48	2.54
I feel procurement works for good quality as a main goal	10.20% 5	22.45% 11	20.41% 10	32.65% 16	14.29% 7	49	2.51
It takes too long to award the contract	6.12% 3	12.24% 6	20.41% 10	42.86% 21	18.37% 9	49	2.73
I understand the value of procurement efficiency on WFP performance	0.00% 0	4.08% 2	20.41% 10	26.53% 13	48.98% 24	49	3.24

Table 17. Views of procurement from key managers.

	Not true	Neutral	True	Total	Weighted Average
I feel procurement works for cost reduction as a main goal	25.00% 2	25.00% 2	50.00% 4	8	2.75
I feel procurement works for efficiency as a main goal	12.50% 1	50.00% 4	37.50% 3	8	2.63
I feel procurement works for good quality as a main goal	12.50% 1	62.50% 5	25.00% 2	8	2.38
It takes too long to award a food contract	12.50% 1	25.00% 2	62.50% 5	8	3.13
I understand the value of procurement efficiency on WFP performance	0.00% 0	12.50% 1	87.50% 7	8	3.75

### 5.5 View on the aspects of procurement organization

The survey also requested the view of staff and key manager on the organization of purchasing and supply management. Fifty percent of key managers were advocating that procurement should not report to the higher level. Fifty percent were neutral while 37% believed that procurement should not be better of if it reports to logistics or second stage of the hierarchy. And 50 percent disagree that procurement should state o admin and finance function.

The question has the same results from the overall staff, where 91 percent responded that procurement should work with the cross-functional team for better efficiency, and 50 percent was in agreement that procurement should report to the second rank in the hierarchy of the organization. The majority of overall staff disagree from procurement reporting either to logistics nor admin finance as in the case of the key managers. The below tables illustrate the responses from the two group of respondents.

Table 18. Key managers responses on the organization of procurement.

	Disagree	Neutral	Agree	Total
Procurement should report to head of finance / admin	50.00% 4	37.50% 3	12.50% 1	8
Procurement should report to the Deputy Country Director	37.50% 3	37.50% 3	25.00% 2	8
Procurement should report to the Country Director	50.00% 4	50.00% 4	0.00% 0	8
Procurement should report to the head of logistics	37.50% 3	50.00% 4	12.50% 1	8

Table 19. Overall staff responses on the organization of procurement.

	Disagree	Neutral	Agree	Total	Weighted Average
Procurement should report to head of finance / admin	65.31% 32	16.33% 8	18.37% 9	49	1.53
Procurement should report to the Deputy Country director	14.29% 7	34.69% 17	51.02% 25	49	2.37
Procurement should report to the Country director	46.94% 23	38.78% 19	14.29% 7	49	1.67
Procurement should report to the head of logistics	71.43% 35	16.33% 8	12.24% 6	49	1.41
Procurement should work with other units for better efficiency	2.04% 1	6.12% 3	91.84% 45	49	2.90

### 5.6 View of the respondents on the impact on the organization efficiency, source of buying, and negotiation of a contract.

The survey requested the respondents their opinion on the various positions: impact of organization efficiency, the buying from local farmers, from the forward purchase facility, from the international market and whether it is more efficient to receive in-kind donations. The respondents, both the staff and key managers responded that procurement has an impact on efficiency, that it should buy from smallholders farmers. The majority were neutral if procurement should buy from FPF. They were neutral as well on the procurement buying mostly on the international market and have disagreed on the food commodities being predominantly received from the in-kind.

To key managers were asked the same type of questions but, this time, focusing on efficiency, the strategic position of Procurement regarding efficiency, its role in the value chain improvement, the procurement involvement in any contract being celebrated and be involved in any negotiation. The responses are presented in the below table. With 87 percent agreeing with the impact of procurement, 62 percent agree, and 25 percent slightly agreed on its strategic role. Eighty-seven percent agree that procurement plays a decisive role in the value chain, 37 percent agree on the involvement of procurement in contract negotiation and majority disagree on the fact that procurement should negotiate all direct contract. The response also demonstrates that 25 percent of managers are not in agreement with procurement involvement in any contract negotiation, which is contrary to the spirit of private and public procurement rules.

The below tables present the questionnaire response analysis from survey monkey.

Table 20. Views on procurement regarding a statement on efficiency, value chain and contract negotiation involvement from key managers.

	Disagree	slightly disagree	Neutral	slightly agree	agree	Total	Weighted Average
Procurement has impact on the organization efficiency	0.00% 0	0.00% 0	12.50% 1	0.00% 0	87.50% 7	8	4.75
Procurement is strategic to the organization efficiency	0.00% 0	0.00% 0	12.50% 1	25.00% 2	62.50% 5	8	4.50
Procurement has a big role to play on value chain improvement	0.00% 0	0.00% 0	12.50% 1	0.00% 0	87.50% 7	8	4.75
Procurement should be involved with any type of contract negotiation	25.00% 2	0.00% 0	25.00% 2	12.50% 1	37.50% 3	8	3.38
Procurement should negotiate any direct purchase	0.00% 0	0.00% 0	50.00% 4	12.50% 1	37.50% 3	8	3.88

Table 21. Views on procurement regarding a statement on efficiency, value chain and contract negotiation involvement from overall staff.

	Disagree	slightly disagree	Neutral	slightly agree	Agree	Total	Weighted Average
Procurement has an impact on the organization efficiency	0.00% 0	0.00% 0	6.25% 3	2.08% 1	91.67% 44	48	4.85
Procurement should buy more from local farmers	0.00% 0	2.08% 1	10.42% 5	22.92% 11	64.58% 31	48	4.50
Procurement should buy more from the forward Purchase facility (FPF) Regional food reserve	6.25% 3	2.08% 1	33.33% 16	29.17% 14	29.17% 14	48	3.73
Procurement should buy more from International markets	29.17% 14	29.17% 14	33.33% 16	8.33% 4	0.00% 0	48	2.21
It's better to receive in-kind donation rather buy locally	47.92% 23	16.67% 8	22.92% 11	10.42% 5	2.08% 1	48	2.02

### 5.7 Views of correspondents on the organization of procurement and the total cost of benefits awareness.

The following was also asked the respondents: their view on the structure of purchasing and supply management, their positioning that fit for a decisive contribution toward the unit price of goods, locations where commodities are bought about their delivery location and the view of negotiating beyond reduction price trap. The response from the key managers revealed that , 100 % believe that procurement looks beyond unit price of goods and products, Eighty-six percent that focus on total cost of ownership, seventy-five percent agreed on the fact that supply takes in account the delivery location when buying and 62 percent agreeing that non-food and food, and that procurement should be embedded in cross-functional teamwork.

Table 22 Responses of key managers on procurement's TCO awareness.

	No	Neutral	Yes	Total	Weighted Average
Food and non-food and any service procurement should be conducted by procurement	12.50% 1	25.00% 2	62.50% 5	8	2.50
Procurement team should be part of the functional team that negotiates a contract	12.50% 1	25.00% 2	62.50% 5	8	2.50
Procurement should look beyond the unit price of goods and services	0.00% 0	0.00% 0	100.00% 8	8	3.00
Procurement should look on the total cost of ownership when buying goods and services	0.00% 0	14.29% 1	85.71% 6	7	2.86
Procurement should look on the location where food is to be delivered when buying	12.50% 1	12.50% 1	75.00% 6	8	2.63

Similarly, the overall staff response to the same is looking for the area of procurement contribution to the value chain, to which 94 percent agreeing with the fact that procurement should look beyond cost and timely delivery of goods and services. The respond also agreed that supply should take into account the delivery location when purchasing with 85 percent and with 79 percent agreeing that procurement should be united in purchasing food and nonfood under one department.

Table 23. The response of overall staff on procurement's TCO awareness.

	Disagree	Neutral	Agree	Total	Weighted Average
Food and non-food procurement should be united	10.42% 5	10.42% 5	79.17% 38	48	2.69
Procurement contributes to the value chain	0.00% 0	6.25% 3	93.75% 45	48	2.94
Procurement should look beyond cost	0.00% 0	6.25% 3	93.75% 45	48	2.94
Procurement should look on timeliness	2.08% 1	2.08% 1	95.83% 46	48	2.94
Procurement should look on location where food is delivered	4.17% 2	10.42% 5	85.42% 41	48	2.81

The following was also asked the respondents: their view on the structure of purchasing and supply management, their positioning that fit for a decisive contribution toward the unit price of goods, locations where commodities are bought about their delivery location and the view of negotiating beyond reduction price trap. The response from the key managers revealed that: contributions.

Table 24. Pipeline break versus efficiency of procurement.

	Not True	Neutral	True	Total	Weighted Average
Pipeline break is due to poor planning by the programme units	50.00% 4	37.50% 3	12.50% 1	8	1.63
Pipeline break is due to delay in funding contribution	12.50% 1	37.50% 3	50.00% 4	8	2.38
Pipeline break is originated by the lead time of procurement	37.50% 3	37.50% 3	25.00% 2	8	1.88
Pipeline break is due to logistics hiccups in the country	62.50% 5	37.50% 3	0.00% 0	8	1.38

Table 25. Pipeline break versus advance contributions.

	Disagree	slightly disagree	Neutral	slightly agree	Agree	Total	Weighted Average
If contributions were received on time, there will be no pipeline break	0.00% 0	12.50% 1	0.00% 0	75.00% 6	12.50% 1	8	3.88
If the organization receives funds from HQ for planned expenditures, there will be no pipeline break	0.00% 0	0.00% 0	12.50% 1	62.50% 5	25.00% 2	8	4.13
The Country office will always be able to pay for advance funding from whatever source	37.50% 3	37.50% 3	25.00% 2	0.00% 0	0.00% 0	8	1.88
HQ should fund the country office to avoid pipeline break	0.00% 0	37.50% 3	12.50% 1	50.00% 4	0.00% 0	8	3.13

### 5.8 Organization of procurement.

The researchers wanted to assess how the professional working for procurement should be organized: by commodities or by requesting unit, by the cross-functional team or by projects. The respondents chose the project model where procurement staff are allocated a specific project and work as a team at 62 percent. And the second choice that follows was procurement staff working as commodities specialist with compounded 37 percent agreeing and 25 percent being neutral. The idea of the organization through responding to the unit was not favorable to most of the key managers.

Table 26. The structure of procurement.

	Disagree	Neutral	Agree	Total	Weighted Average
Procurement staff should be organized by area of purchase ( eg Food,non-food,and contract )	37.50% 3	25.00% 2	37.50% 3	8	2.00
Procurement staff should be organized by the requester source (eg CP,Refugee,Recovery,Innovation, Admin,IT,VAM,HR,Logistics)	87.50% 7	12.50% 1	0.00% 0	8	1.13
Procurement should be organized as a functional team integrated in any project carried out by a specific department /Unit	25.00% 2	12.50% 1	62.50% 5	8	2.38

### 5.9 Percent of budgeted contribution received by the country office.

The key managers were finally requested to choose the percentage of contribution received by the country office. To this question, 62 percent of key managers answered that the contribution received is between 51 – 70 percent of the budgeted amount. And only 25 percent believe that the contribution received are between 31 to 50 percent. To note one respondent choose the value between 71-90 percent.

Table 27. The average percentage of received funds.

Answer Choices	Responses
10 – 30%	0.00% 0
31 – 50%	25.00% 2
51 – 70%	62.50% 5
71 – 90%	12.50% 1
91 – 100%	0.00% 0
Total	8

### 5.10 The Linear Correlation Coefficient of approved budget versus confirmed contribution.

The researcher investigates in this finding the measure of the strength of the linear relation between the planned budget and the contribution received for the three projects during the period of study. The aim of studying the data is to understand the relationship between the two quantitative variables. The letter  $r$  will be used to represent the sample correlation coefficient.

Using the Microsoft Office 2013 Excel considering that bellow data as Planned budget as independent variable and Confirmed contribution ( received contribution ) as dependent variables extracted from Table 4, 5, and 6, and from the WFP SPR (2012, 2013). The data analysis of the linear regression is presented in table 29 with its variables displayed in Table 28 provide the correlation coefficient of 0,63465. According to Shayib (2013) on his book titled Applied statistics, the closer  $r$  to 1, as the correlation coefficient varies between -1 to 1 inclusive, the stronger is the evidence of a positive association between the two variable, in this case between the planned budget and confirmed contribution.



Table 28. Correlation variables.

Variable	Variable value in Million of Dollars				
	Planned	Confirmed	X square	Y square	X times Y
	X	Y			
	433.795	200.217	188178.345	40086.8575	86853.20085
	435.202	321.402	189400.4126	103299.0637	139874.5341
	496.705	414.113	246716.3448	171489.6778	205692.2616
	479.058	106.199	229496.3345	11278.25373	50875.51366
	465.701	208.819	216877.6058	43605.54098	97247.44381
	449.640	308.609	202176.0055	95239.71671	138763.0552
	123.897	107.685	15350.5127	11595.97157	13341.81805
	134.155	128.508	17997.68315	16514.36672	17240.07946
	137.384	127.683	18874.47007	16303.06698	17541.71456
<b>Total</b>	<b>3155.538</b>	<b>1923.236</b>	<b>1325067.714</b>	<b>509412.516</b>	<b>767429.621</b>

The above data are represented by a model of the fitted regression line of  $y = b_0 + b_1x$  where  $b_1 = 0.426$  and  $b_0 = 64.407$ . Therefore, the planned versus confirmed contribution can be modeled by the linear regression line  $Y = 64.407 + 0.426x$ . The linear equation helps us estimate for a planned budget what will be the approved contribution.

As an example, a planned project budget of \$300 million will have a firmed contribution of \$192.207 million. The result confirms the research findings that the projects are in average sourced at 64 percent on average.

Table 29. Regression data of the planned budget versus confirmed contribution.

Regression Statistics								
Multiple R	0.634651969							
R Square	0.402783121							
Adjusted R Square	0.317466424							
Standard Error	91639393.68							
Observations	9							
ANOVA								
	df	SS	MS	F	Significance F			
Regression	1.00	39646206954416300.00	39646206954416300.00	4.72	0.07			
Residual	7.00	58784449316468600.00	8397778473781230.00					
Total	8.00	98430656270885000.00						
	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	64406678.86	75191358.44	0.86	0.42	-113392630.82	242205988.53	-113392630.82	242205988.53
X Variable 1	0.43	0.20	2.17	0.07	-0.04	0.89	-0.04	0.89

## 6. CONCLUSION AND RECOMMENDATION

### 6.1 Conclusion

This research critically analyzed the effect of procurement function on the value chain of an organization. The researcher used a case study of the World Food Programme office in Kenya. The findings evidenced that procurement is of paramount importance in the value chain, hence has an impact on the efficiency of an organization. The secondary data indicated the level of funds allocated to procurement and related cost being in average 84 percent of the total budget. While the remaining 16 percent are assigned to the overhead, salaries and wages. The primary data obtained from both questionnaires to overall staff and a group of managers indicated how strategic is procurement. Projects, food commodities acquisition and the pipeline health is dependent on the procurement development. The study critically analyzed the contribution of procurement, supply chain, and value chain as a way of improving the organization efficiency hence the resolution of the many problems that a humanitarian organization faces and WFP Kenya in particular during the period in analyze.

Funding constraint has become the common buzzword in the current business environment. And procurement enhancement through cost reduction is the way a company can improve its efficiency. In this case study, the ways that WFP Kenya could increase its effectiveness is as well through improving its procurement to the strategic level. The mature level 4 of the procurement development.

It has been observed in the literature review and empirical study, that only close to 20 percent of the organization budget is allocated to the direct support cost (DSC), from where salary and other administrative costs are paid. The remaining 80 percent of the budget is located to food purchase and related cost. Therefore, actions toward improving efficiency should center on the 80 percent.

Therefore, it is reasonable that most emphasis when analyzing efficiency improvement is rather focused on the procurement function and other function that are linked with a food purchase and delivery rather than in the portion allocated to wages, salaries and overhead.

## **6.2 Recommendations**

The effect of procurement on value chain has an impact on the fulfillment of the organization mandate. Saving life of beneficiaries is the mission objective of the World Food Programme as the larger organization fighting hunger worldwide and achieve the world with zero hunger. The Procurement function has a tremendous impact on the supply chain management. The Pipeline break is as per the results underpinned by both funds constraint and delay in the food purchase hence lead time for the delivery

A timely contribution is paramount for the procurement function to carry the purchase of goods and services required for the fulfillment of the organization mandate. For procurement function needs to be elevated at the strategic level through having procurement specialist at the table of negotiation when programmes are designed. Though the unit work in coordination with headquarters procurement in the case of food purchase on the international market and with the coordination of Regional Bureau procurement in the event of purchase from FPF. The supply function needs to be equipped with the right capability, and only one national officer dealing with food and non-food procurement and services contract is a constraint to the development of procurement at level 4 where savings of 10-20 percent can be achieved. To reach this level of procurement development, the organization required an International professional at level P4 and additional National officer at level C. The estimated investment is about \$260,000.00 for the salaries payment that represent about 1.4 percent of the saving to be realized.

Procurement function required a constant flow of funds to supply needed commodities. To address the flow of contribution, the organization have to get a loan from headquarters to secure continuous food distribution to the refugee. When there is a lack of resources, the company addresses the shortage by introducing ration cut to expand the period of assistance. It is recommended that the organization access is funding through a loan from Headquarters at the level of its average contribution so has to procure food commodities on time. It was observed that the organization in average manages to get 60 percent of the contribution so a loan from headquarters of 60 percent could be paid without hassle.

Pipeline break is sometime occasionated by the delivery, quality, timeliness and flexibility of the suppliers. It has been observed that 15 percent of food has been purchased in the country from the smallholders farmers organization. The procurement function would benefit in creating a long term relationship with the smallholders in view to assisting them to improve their products and so as to enhance the quality of goods sold to WFP. The organization has worked with them in a purchase for progress procurement and made an impact in the development of local community.

The procurement function staffing and structure has a significant effect on the results expected from the improvement of the value chain, hence of the supply chain and finally of procurement contribution to the organization performance as whole. To obtain results as recognized by the procurement unit at the level 4 of development as stated by John (1997) the staff that carries procurement activities must be professional and well trained. And the same should be involved in all contracts that are celebrated by the organization and should focus on strategy purchase and not clerical works. The WFP Kenya office should use the closeness of the Regional Bureau procurement unit expertise to achieve most TCO reduction of the transactions and contractual agreement celebrated with suppliers.

The structure that the procurement function should use has to integrate the functional team and work closely with logistics team. The works performed by both division are so intertwined that procurement function provides the inputs to logistics and depending on the arrival and delivery location of food; the logistics department will store, transport and deliver to the extending delivery point. A division where both logistics and procurement work in synergy will have a domino effect on the cost efficiency. To note that currently logistics is considered as primary activities and procurement as support business responding to two different senior managers. And often time goals congruence on the organization performance is not taken into account. Each division is wanting to achieve results that could hurt the overall organization performance.

It is beneficial to the organization that procurement function to use the Information communication technology advancement actively. The ERP linking all purchase made by the firm could help streamline the suppliers base for food and non-food, to push for supplier development and training so as to create partnering with sellers that will allow the creation of vendors and distribution networks and enhance strategic sourcing. By so doing a reduction of up to 20 percent of cost can be achieved and the organization efficiency could be increased by the same size. Note that 20 percent of the 80 percent of the budget allocated to food and related cost for the period in analysis corresponds to 42 million dollars. Hence, the organization would most benefit in critically analyzing the procurement process and procedures. Finally, increased efficiency through the procurement, supply chain and consequently value chain can be reached by reviewing the procurement role and developing it level to mature which improve its processes and practices.

The author also analyzed the various contributions that the organizations received during the three years in analyzing and on the base of the average contribution of 60 percent received; the organization should review its marketing strategy to capture more findings. To the marketing team, donor relation and PI is recommended to increase the organization visibility taking in the account the political, economic, social, technological, ecological, and Legal (PESTEL) environment of the world

### 6.3 Opportunity for further study

The research explored a not for profit organization, the United Nations World Food Programme office in Kenya. Although the much more academic literature review are written for profit organization, the fundamental for organizing a company is similar and applicable to any organization. In the case study, the researcher aimed at analyzing the effect of procurement on the value chain so as to find what impact has a strategic sourcing on the organization performance. The researcher proved that a well-developed supply and purchasing function provided savings to up 20 percent through price and cost reduction and acquisition cost reduction of up to 10 percent. Thus substantial savings are achieved at Stage 4, called the mature stage of development.

To WFP this translate to significant performance improvement that can be reached if all other players in the design of interventions work as a cross-functional team, where logistics, resource management, and finance personnel participate in the decision-making forum.

Procurement has a tremendous impact on the value chain, as it contributes significantly to the operation when it is well developed and operating at the strategic level. The case study was about WFP Kenya. A further case study, more inclusive will have to analyze the effect of procurement on the United agency, programme, and fund that operate in a country as one entity. UN agencies in a country support the government and total efficiency through the harmonization of procurement processes by the working group, acting as Procurement office would have a tremendous impact on the presence of UN in a country like Kenya. The business operation strategy that the UN is implementing worldwide is a roadmap that UN should adopt and needs to be studied critically. Therefore, it will be interesting that the effect of procurement on value chain is considered for the UN presence in a country to support the United Nations Development and Assistance Framework (UNDAF) and present as One for the government and suppliers.

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