

# Effects of Selected Socially Responsible Procurement Practices on Supply Chain Performance in Kenya Owned State Corporations

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**Abstract:** *Public Procurement is a major policy tool which the Kenyan government is using to pursue “horizontal” objectives- of social development in addition to the “functional” objectives - of obtaining goods, works and services in the best terms. Despite the widespread utilization of public procurement’s tremendous “buying power” to realise socially responsible outcomes, pertinent literature on Supply chain Performance in Kenya has paid much attention to functional aspects of supply chain performance, to the exclusion of horizontal issues such as socially responsible procurement Practices. Additionally, most studies on Supply chain Performance in Kenya have either been conceptual in nature or purely depended on subjective data. To bridge the evident knowledge gap, this study examined the effect of socially responsible procurement practices on supply chain performance using positivist research paradigm and a cross-sectional census survey design targeting 187 Kenya owned State Corporations. The study revealed that social inclusion and promoting social economy organizations, compliance with social-labour rights and promoting ethical procurement had a positive and statistically significant effect on supply chain performance in Kenya owned State Corporations.*

**Keywords:** Socially Responsible Procurement, Horizontal Procurement Public Practices and Supply Chain Performance

## 1. Introduction

Public procurement is a significant policy tool which the government of Kenya uses to meet the “functional” objectives of obtaining goods, works and services in the best terms (Watermeyer, 20119; Priess & Pitschas, 2000; Handler, 2015; Arrowsmith, 2010) and to achieve “socially responsible” objectives through creating local employment, promoting equal opportunities for disadvantaged groups like women, persons with disabilities, and minorities, enhancing equity and social justice values and bolstering demand for locally produced goods and services (Graells, 2015; Helmrich & Jur 2014; Arrowsmith, 2010).

Unlike in some countries where procurement systems are developed to address a narrow agenda of value for money or process efficiency, the Kenyan government has adopted a broader and a more strategic policy that recognizes the twin objectives of public procurement whose primary goals relate to good governance and the horizontal goals relate to the promotion of social, national, and sustainable development objectives (Marendi, 2015; RoK, 2016; Constitution of Kenya, 2010). Above all, the horizontal public procurement practices are anchored in Article 227 of the Kenyan Constitution (Ng'eno, Namusonge, & Nteere, 2014) which stipulates that public procurement aims at achieving efficiency and equity in the society (RoK, 2010), which is operationalised in the Public Procurement and Asset Disposal Act (2015). The Act requires that every procuring entity ensures that at least thirty percent (30%) of its every financial year procurement value is allocated to the youth, women and persons with disability.

However, despite the widespread effort of utilizing public procurement’s buying power to socially responsible procurement outcomes, discourse on the joint pursuit of functional and horizontal objectives in public procurement by procurement professionals and academicians paint a mixed picture. Some scholars consider Socially Responsible procurement practices as unnecessary, costly, unfair, bureaucratic, discriminative, counterproductive, and detrimental to Supply chain Performance (McCrudden, 2007). Others express concern over the “uneasy mixture” of public procurement policies whereby cost efficiencies compete with horizontal policy objectives (Pickernell Et Al,2011) while others draw attention to possible incongruence between the functional and horizontal expectations of public procurement which may ultimately affect Supply chain Performance(Cabras 2011). Yet, others argue in favour of horizontal practices by affirming that “where properly employed, horizontal practices may prove a useful and effective instrument (Arrowsmith 2010, Bolton, 2010, Graells, 2015).

These contestations have however, not dissuaded the Kenyan government from using the purchasing power of public procurement to promote public value. This is evident through the pivotal role public procurement assumes in the policy debates such as on income distribution, un-employment, regional development, economic marginalization, environmental degradation, resource depletion and persistent global poverty. The Kenyan government has instituted supply side and indirect interventions to build capacity among the target groups and enable them access government procurement opportunities (RoK, 2015). The Millennium Development Award Winning Women Enterprise Fund was established in 2007 as a model of moving women from poverty to gainful economic activities through tapping on

government procurement opportunities (RoK, 2014). The government has also instituted Uwezo Fund with a starting capital of Ksh. 6 billion to expand affordable credit to social economic organizations (RoK, 2014). Thus, the purchasing power generated by public procurement have been used as a policy tool to pursue horizontal goals like regional development, protection of domestic industries, provision of economic opportunities for disadvantaged groups, and support for fair labour conditions (RoK, 2013; Muraguri, 2013). It is for these reasons that we take the initiative to study the link between socially responsible procurement and Supply chain Performance in Kenya owned State Corporations.

Pertinent literature on Supply chain Performance has paid much attention to functional aspects of supply chain performance, to the exclusion of horizontal issues (Muraguri 2013; Nawire, Ogolla and Kiarie 2014; Mugo 2013). The study specifically examined the effect of Socially Responsible Procurement. Contextually, studies conducted in the area of procurement policies in Kenya such as Muraguri (2013); Nawire, Ogolla and Kiarie (2014); Kinoti 2013; Guyo, gakure and Kibas 2011; Onyinkwa, (2013); Gesuka and Namusonge (2013); Meme (2014); Mugo (2013); and Migosi, Ombuki and Evusa (2014), Hussein and Shalle (2014) have paid much attention to functional aspects of supply chain performance, to the exclusion of horizontal issues. Methodologically, most studies on Supply chain Performance have either been conceptual in nature (Flynn & Davis, 2014) or purely depended on subjective data. This has left an evident knowledge gap, which the study intends to fill by examining the effects of horizontal procurement practices on performance of state corporations in Kenya using descriptive cross-sectional census survey design.

### **Socially Responsible Procurement and Supply chain Performance in Kenya Owned State Corporation**

The Kenya government participates in the market through State Corporations-commonly referred locally as parastatals. The entities are established and regulated by the State Corporations Act chapter 446 of the laws of Kenya, and their whole or controlling majority shares are owned by the government or another state corporation (Njiru, 2008); and they exist for various reasons including: to correct market failure, to exploit social and political objectives, provide education, health, redistribute income or promote development in marginal areas (Njiru 2008). The country currently boasts of one hundred and eighty seven (187) Parastatals (RoK, 2013) that carry out five broad categories of commercial, strategic, executive, regulatory, and educational functions. Public procurement contracts through these Parastatals represent a major share of Kenya's GDP and they have for past 2 decades consistently averaged 12 – 15% of the GDP and the figures continue to rise. According to the 2015 national treasury estimates public procurement accounted for 19% of the GDP in 2015/2016 financial year.

Indeed Kenyan parastatals have over the years played an important role in the social transformational and

sustainable development of the country. The Kenya government has relied on this entities as the channel for managing development resources and activities for the country (Kamoche, 2002) due to their position in promoting transformational and social development (Kinoti, 2014; Chemoiywo, 2014). In the Kenya Vision 2030 which was unveiled in 2004 the government spelled out a roadmap to becoming a middle level economy by year 2030, and the parastatals are expected to play a key role in promoting and accelerating economic growth and development during the period. In the same vein, the parastatals are also expected to support efforts aimed at building the institutional capability and technical capacity of the state; improve delivery of public services; support the creation of good and widespread employment opportunities in various sectors across the country; and support targeted and judicious building of regional and international partnerships (Kinyua, 2012; RoK, 2013).

As stated in the introduction of this paper public procurement contracts in Kenya represent a major share of the country's GDP and public expenditure budget. These expenditures provide sound reasons for analyzing the performance of public procurement operations, given that, after staff expenditure, the performance of supply chain functions account for a major share of expenditure in most Kenya owned State Corporations (RoK 2015). However, the evaluation of Supply chain Performance in Kenya parastatals has been a vexing problem for procurement professionals in the Kenyan public practice (Odhiambo & Kamau, 2003). Procurement professionals have often struggled to balance between horizontal and functional procurement goals such as cost effectiveness, transactional efficiency, transparency and fairness, and accountability in case of unfavorable procurement outcomes.

The seemingly poor performance that Kenyan watchers have on Kenyan parastatals has attracted great attention from practitioners, academicians and researchers (Njogu, 2016). Although the government has for the last 15 years made concerted efforts to improve the image of parastatals, public procurement systems and operations have until 2015 been marred by shoddy works, poor quality goods and services meaning that all is not okay (Chimwani, Iravo & Tirimba, 2015). Researchers who have bothered to evaluate Kenyan Parastatals point out that the complexity of balancing of different and sometimes, somewhat contradictory stakeholder public procurement demands have made it difficult to measure the Supply chain Performance of Kenyan parastatals.

While Supply chain Performance is about seeking to answer the fundamental question of whether the procurement system and operations ultimately deliver in accordance with the main set objectives (Watermeyer 2013) by assisting policy makers understand how various policy goals interact and how policy impacts on the overall performance of the supply chain; by creating stronger incentives for a government to improve its public procurement systems; and helping government set priorities for reform actions in the area of public procurement and monitoring against the set objectives; there have been controversies over the integration of

horizontal objectives into public procurement with questions being asked regarding its legitimacy and effectiveness, and the negative impacts it has on primary procurement objectives (Erridge 2005; Uyarra & Flanagan, 2009; Wan, 2014; Detelj & Markovič-Hribernik, 2015). Researchers have identified some horizontal objectives like trade-offs between quality and cost, timeliness and cost, risk, product availability and customer satisfaction that need to be constantly weighed can ultimately affect the Supply chain Performance of parastatals.

## 2. Literature Review

Jadoun (2008) describes socially responsible procurement (SRP) as the promotion of employment opportunities, decent work, social inclusion and social economy, and fair and ethical trade. According to Maignan et al.(2005) and Lamberti & Lettieri (2009) SRP involves the incorporation of socially oriented procurement practices that impact on society or parts of society into public procurement; and a clear expression of corporate values expressed in the operations and processes of the procurement departments and professionals. Similarly, Carter(2005) defines SRP as procurement operations that take into account one or more of the following social considerations: employment opportunities, decent work, compliance with social and labour rights, social inclusion (including persons with disabilities), equal opportunities, accessibility design for all, taking account of sustainability criteria, including ethical trade issues.

Many governments world over have used Social Responsible Procurement objectives to support social inclusion through promotion of social economy that takes care of small and medium enterprises (SMEs) owned by youth, women and persons with disabilities, and which grants equal procurement opportunity access to firms owned by the minorities (Arrowsmith, 2010). Governments can also ensure that suppliers are socially responsible by scrutinizing whether they comply with social and labour rights like labour conditions, occupational health and safety during contract execution, decent work environment; the workforce used to implement the contract, at the prequalification stage, and by conducting a continuous supplier performance management (Schulten, et, al, 2012; Fatterman, 2004).

Considering the significant market power wielded by public procurement, governments all over the world have always used public procurement for the promotion of certain social policy outcomes. Early attempts to include social requirements in public procurement can be found already in the mid-19th century, in particular in England, France and the United States (McCrudden 2004, 2007). Originally, the social award criteria focused very much on certain working conditions in the contracting companies such as minimum wages, working time and health and safety standards (Kaiserliches Statistisches Amt 1907). The reasons for that were twofold: On the one hand there was a general aim to promote the improvement of working standards, whereby the state wanted to set a positive example. On the other hand there was also already the

awareness that certain working conditions have to be guaranteed in order to secure a frictionless and satisfying completion of public orders (Schulten, Alsos, Burgess, & Pedersen, 2012). Considering this, social requirements were seen right from the beginning of modern public procurement not as “procurement alien factors” but as inherent award criteria reflecting the close link between the quality of working conditions and quality of work.

Over time the scope of possible social consideration in public procurement became more and more widespread including not only working conditions in a narrow sense but also other social and employment policy issues (Scherrer et.al. 2010). In 2010, the European Commission documented a long list of possible policy issues which might be taken into account within the framework of a “socially responsible public procurement policy”. The list ranges from the promotion of employment opportunities for various groups of employees, the promotion of decent work, the compliance with social and labour rights and the support for social inclusion to the encouragement of human rights and the consideration of ethical and fair trade principles.

In Kenya public procurement accounts for 12-15 % of the country’s GDP and the government has used Kenya owned State Corporations to achieve social transformations of the society by ensuring that procuring entities practice ethical procurement to achieve horizontal outcomes (Muraguri, 2013). Elsewhere governments have used socially responsible procurement to promote social transformation by increasing domestic employment opportunities (Ssennoga & Telgen, 2008) stimulating infant industries (Strömbäck, 2015), fostering development in underdeveloped regions (May, 2012), provision of economic opportunities for disadvantaged groups (Arrowsmith 2010), protecting national industry against foreign competition (Ssennoga, 2010); improving the competitiveness of certain industrial sector, and fostering innovation (Zelenbatic,2015).

Indeed, many studies have been carried out to establish the link between Social Responsible Procurement and Supply chain Performance has been widely studied. Among them is a study in Kenya carried out by Korir, et.al. (2016) which found that socially responsible purchasing constructs like environment, diversity, human rights and safety have a positive and significant effect on supply chains performance. Similarly, a study by Carter and Jennings (2008) on social responsibility and supply chain relationships suggested a direct positive effect on the relationships between the business and its suppliers which are felt by both parties. Again, Tiwari, Turner and Younis (2014) established that socially responsible purchasing has a positive impact on the performance, trust and cooperation of the supplier base in their study titled “Socially responsible purchasing in the automotive industry”

Choi (2012) studied the contribution of public procurement in Korea on society and established that it had positively impacted on: the national economy; accountable leadership among government officials; social

responsibility; eco-friendly activities; and industrial innovation. Another study by Pirvu (2015) that analysed economic and social policy implications of public procurement and public-private partnership in Romania showed that public-private partnership is a financial tool of public investment projects of the public procurement market. Similarly, Christian (2004) examined how the application of public procurement on pro-poor local economic development in developing countries and established that the impact of infrastructure development can be enhanced through the application of employment-intensive construction and the appropriate choice of labour-based rather than equipment-based technologies for construction works. Finally, Kashap (2004) in his study ‘Public Procurement as a Social, Economic and Political Policy’ found out that in the context of globalization there is evident need to deliberate on various cross border procurement issues particularly to build up consensus on the need for protection of under privileged section of humanity.

In sum, the extant research on Social Responsible Procurement has been mainly descriptive in nature. Furthermore, although various authors have pointed out the beneficial effects of Social Responsible Procurement, the operational aspects of integrating social responsible procurement elements into the daily routines of the supply chain functions has hardly been examined. The study therefore, sought to establish the effect of Social Responsible Procurement practices on Supply chain Performance using public value theory as analytical framework. Specifically, the study examined the effect of Socially Responsible Procurement on Supply chain Performance in Kenya Owned State Corporations.

**Table 1:** Socially responsible Procurement requirements in the Kenyan Perspective

Social inclusion and promoting social economy organizations:		References
1	Equal access to procurement opportunities for firms owned by or employing persons from ethnic/minority groups - cooperatives, social enterprises and non-profit organizations, for example;	(Muraguri, 2013) (Chemoiwo, 2014)
2	Promoting supportive employment for persons with disabilities, including on the open labour market. Promotion of youth employment;	(Chimwami, Iravo, & Tirimba, 2014)
3	Promotion of gender balance (e.g. work/life balance, fighting against sectoral and occupational segregation, etc.);	(Davis, 2014) (Gesuka & Namusonge, 2013)
4	Promotion of employment opportunities for the long-term unemployed and for older workers;	(Kinyanjui, 2013)
5	Diversity policies and employment opportunities for persons from disadvantaged groups (e.g. migrant workers, ethnic minorities, religious minorities, people with low educational attainment, etc.);	(Kinyua, 2012) (Kipngetch & Namusonge, 2015) (Marendi, 2015)
6	Promotion of employment opportunities for people with disabilities, including through inclusive and accessible work environments	
Compliance with social and labour rights:		References
1	Compliance with national laws and collective agreements that comply with Kenyan law;	(Migosi, Ombuki, &
2	Compliance with the principle of equal	Ombuki, &

	treatment between women and men, including the principle of equal pay for work of equal value, and promotion of gender equality;	Evusa, 2014) (Muma, Nyaoga, Matwer, & Nyambega, 2014)
3	Compliance with occupational health and safety laws;	(Musau, 2015) (Mutui, 2014) (Nderitu & Karanja, 2016)
4	Fighting discrimination on other grounds (age, disability, race, religion and belief, sexual orientation, etc.) And creating equal opportunities. Compliance with core labour standards;	
5	Decent pay;	
Promoting Ethical procurement		References
1	The possibility, under certain conditions, to take into account ethical trade issues in tender specifications and conditions of contracts.	(RoK, 2010) (Obanda, 2010) (Gesuka & Namusonge, 2013)
2	Procurement ethical code of conduct	(Ngeno, 2014)
3	Inclusion of ethical requirements in our tender documents	(Ngeno, 2014)
4	Fair and even-handed treatment of suppliers at all stages of the procurement process	(Namusonge, & Nteere, 2014)

### 3. Research Objectives

The study was guided by the following objectives

- [1] To establish the relationship between relationship between Promoting social economy organizations and Supply chain Performance in Kenya owned State Corporations
- [2] To examine the relationship between Compliance with social-labour rights and Supply chain Performance in Kenya owned State Corporations
- [3] To determine the influence of Promoting Ethical Procurement on Supply chain Performance in Kenya owned State Corporations.

### 4. Research Hypotheses

To establish the above relationships, the following research hypotheses was formulated and tested.

- [1] There is no significant relationship between Promoting social economy organizations and Supply chain Performance in Kenya owned State Corporations
- [2] There is no significant relationship between Compliance with social and labour rights and Supply chain Performance in Kenya owned State Corporations
- [3] There is no significant relationship between Promoting Ethical Procurement and Supply chain Performance in Kenya owned State Corporations.

### 5. Research Methodology

The study employed a positivist research paradigm and a cross-sectional census survey design and targeted the 187 Kenya owned State Corporations. Closed and open ended questionnaires were distributed to procurement practitioners and interview guides were conducted with accounting officers to gather primary data, whereas secondary data was retrieved from existing reports of the public procurement Regulatory Authority website.

Descriptive statistics, correlation and multiple regression analysis were used to analyze the data.

### 6. Hypotheses Results

To test the hypotheses the following regression model was fitted.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$$

Where:

- Y= Supply Chain Performance
- X<sub>1</sub>= Promoting Social economy Organizations
- X<sub>2</sub>= Compliance with Social-labour Rights
- X<sub>3</sub>= Promoting Ethical procurement practices

The regression model ( $Y = \beta_0 + \beta_1 X_1 + e$ ) was significant ( $F(1,165) = 15.784$ ,  $p\text{-value} < 0.001$ ), implying that promoting social economy organizations is a valid predictor in the model as shown in Table 2(b). The first study hypothesized  $H_{01}$ : There is no significant relationship between Promoting social economy organizations and supply chain performance in Kenya owned State Corporations. The results of the survey revealed that there was positive influence between promoting Social Economy Organizations and supply chain performance ( $\beta_1 = 2.962$ ,  $t = 3.351$ ,  $p\text{-value} < 0.001$ ). The null hypothesis ( $H_{01}$ ): Promoting Social Economy Organizations has no significant influence on the Sc performance of in Kenya owned State Corporations or ( $H_{01}: \beta_1 = 0$ ) is therefore rejected ( $\beta_1 = 2.962$ ,  $t = 3.351$ ,  $p\text{-value} < 0.001$ ) and conclude that Promoting social economy organizations ( $X_1$ ) significantly influences supply chain performance ( $Y$ ).

**Table 2:** Regression Results for the Relationship between Promoting Social Economy Organizations and Supply Chain Performance

a) Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.296 <sup>a</sup>	.088	.082	.45783		
a. Predictors: (Constant), X1						
b) ANOVA <sup>a</sup>						
Model	Sum of Squares	Df	Mean Square	F	Sig.	
1	Regression	3.308	1	3.308	15.784	.000 <sup>b</sup>
	Residual	34.375	164	.210		
	Total	37.684	165			
a. Dependent Variable: Supply Chain Performance						
c) Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error			
1	(Constant)	3.346	.036		94.150	.000
	X1	.317	.080	.296	3.973	.000

a. Dependent Variable: Supply Chain Performance  
 b. Predictors: (Constant), X<sub>1</sub>

Where X<sub>1</sub>=Social inclusion and promoting Social economy organizations

Y= Supply Chain Performance

To test the second hypothesis, the study hypothesized  $H_{02}$ : There is no significant relationship between Compliance with social-labour rights and Supply Chain Performance in Kenya owned State Corporations. The regression model ( $Y = \beta_0 + \beta_2 X_2 + e$ ) was significant ( $F(1,164) = 6.111$ ,  $p\text{-value} = 0.014$ ). The results of the survey revealed that there was a positive relationship between Compliance with social and labour rights and Supply chain Performance of Kenya owned State Corporations. ( $\beta_1 = .190$ ,  $t = 2.472$ ,  $p\text{-value} = .014$ ). The null hypothesis ( $H_{02}$ ): Compliance with social and labour rights has no significant effect on the Supply chain Performance in Kenya owned State Corporations is therefore rejected ( $\beta_1 = .190$ ,  $t = 2.472$ ,  $p\text{-value} = .014$ ) and conclude that Compliance with social and labour rights ( $X_1$ ) significantly influences Supply chain Performance ( $Y$ ).

**Table 3:** Regression Results for the Relationship between Compliance with social and labour rights and Supply Chain Performance

a) Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.190 <sup>a</sup>	.036	.030	.47066		
b) ANOVA <sup>a</sup>						
Model	Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	1.354	1	1.354	6.111	.014 <sup>b</sup>
	Residual	36.330	164	.222		
	Total	37.684	165			
c) Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error			
1	(Constant)	2.558	.321		7.980	.000
	x2	.236	.096	.190	2.472	.014

a. Dependent Variable: Supply Chain Performance  
 b. Predictors: (Constant), x<sub>2</sub>  
 Where X<sub>2</sub>= Compliance with social-labour rights  
 Y= Supply Chain Performance

The third hypothesis sought to test the relationship between promoting Ethical procurement and Supply Chain Performance in Kenya owned State Corporations. The regression model of X<sub>3</sub> and Y was significant ( $F(1,165) = 5.562$ ,  $p\text{-value} < 0.020$ ), implying that Promoting Ethical procurement Practice is a valid predictor in the model as shown in Table 4(b). The study hypothesized  $H_{03}$ : There is no significant relationship between Promoting Ethical procurement and Supply Chain Performance in Kenya owned State Corporations. The results of the survey revealed that there was a positive relationship between Promoting Ethical procurement Practice and Supply chain Performance of Kenya owned State Corporations. ( $\beta_1 = .181$ ,  $t = 2.358$ ,  $p\text{-value} = .020$ ). The null hypothesis ( $H_{03}$ ) is therefore rejected ( $\beta_1 = .181$ ,  $t = 2.358$ ,  $p\text{-value} = .020$ ) and conclude that Promoting

Ethical procurement Practices (X3) significantly influences Supply chain Performance(Y).

**Table 4:** Regression Results for the Relationship between Compliance with social and labour rights and Supply Chain Performance

a) Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.181 <sup>a</sup>	.033	.027	.47143		
b) ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.236	1	1.236	5.562	.020 <sup>b</sup>
	Residual	36.448	164	.222		
	Total	37.684	165			
c) Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.915	.186		15.649	.000
	x3	.136	.058	.181	2.358	.020

a. Dependent Variable: Supply Chain Performance

b. Predictors: (Constant), x3

Where X<sub>3</sub>= Promoting Ethical Procurement

Y= Supply Chain Performance

## 7. Discussion of the Findings

These results on the effect of SRP on supply chain are consistent with that of Korir et al, (2016) who found out that socially responsible purchasing constructs such as environment, diversity, human rights and safety responsibility have a positive and significant effect on supply chain performance. The results are also consistent with the findings of a relatively similar study done by Carter and Jennings (2002) found that socially responsible purchasing has a direct impact on the performance, trust and cooperation of suppliers. The findings are further corroborated by Tiwari, et al, (2014) whose study on socially responsible purchasing in the automotive industry showed a statistically positive significant relationship between socially responsible purchasing and supply chain performance. However, the study findings contrast Carter (2005) "Purchasing Social Responsibility and Firm Performance" whose findings established insignificant direct relationship between Purchasing Social Responsibility and Firm Performance.

Again, the results on socially responsible procurement on supply chain performance are supported by Muraguri (2013) who established that implementation of the Youth Preference and Reservations Policy in Public Procurement in public procurement in Kenya had a positive and significant influence on supply chain performance. Again, Ngeno, Namusonge and Nteere (2014) in their study "Effects of Discriminatory Public Procurement Practices on Organizational Performance: A Survey of Public Sector Corporations in Kenya", established that socially responsible procurement practices have a positive and significant effect on supply chain performance.

## 8. Summary and Conclusions

The study results revealed that the integration of socially responsible procurement requirements in public procurement enhances supply chain performance. The result further implies that Social inclusion and promotion of social economy organization has a positive and significant effect on supply chain performance. Additionally, compliance with social-labour rights and promotion of ethical procurement requirements through public procurement has a positive and significant effect on supply chain performance in Kenya owned State corporations.

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