EFFECTS OF A SHARED SERVICES STRATEGY ON PROCUREMENT EFFICIENCY: A CASE STUDY OF KENYA TEA DEVELOPMENT AGENCY (HOLDINGS) LIMITED

ERASTUS M. NJOROGE*; G. S. PROF. NAMUSONGE**

*Jomo Kenyatta University of Agriculture and Technology, Kenya
**Jomo Kenyatta University of Agriculture and Technology, Kenya

Abstract

Procurement services facilitate the acquisition of goods and services, thus enabling different organizational departments to effectively execute their mandates. Organizations often realize shared services as a way of lowering procurement costs through consolidation and effective communication. In pursuit of the organizational objectives KTDA and the tea factory units strive to drive and redirect their provincial spending patterns as a means of promoting efficiency designed to increase revenue. This study employed a descriptive survey design to obtain the research data. The study was conducted in Kenya Tea Development Agency (Holding) Limited, targeting all the employees in KTDA Procurement and Technical Services Departments at the head office and 21 field managers. Since the population was deemed to be small, the researcher conducted a census sampling to get the 36 respondents, that is, 15 staff members from the Procurement and Technical Services Departments and 21 field managers. A questionnaire designed for Procurement and Technical Services Department officers and an interview schedule for the field managers were used as the main tools for data collection. Data analysis procedures employed involved both qualitative and quantitative procedures. The study established that moving to a shared service strategy has led to a positive impact at KTDA by optimizing efficiency and effectiveness. The results of the analysis further revealed that there was a great improvement in quality of goods and services offered at Agency after implementation of shared services. The study therefore concludes that benefits of a shared service centre are enormous and hence the strategy is recommended in other companies.

Keywords: Procurement Efficiency, Procurement Shared Strategies and Procurement Cost