



GRIFFITH COLLEGE DUBLIN

**TITLE OF DISSERTATION**

**The Effect of Procurement Procedures on Financial Performance: A  
Case of Fratelli Vanni Calzaturificio Footwear Company, Italy.**

Research dissertation presented in partial fulfilment of the requirements  
for the degree of  
**MSc International Procurement & Supply Management**

Griffith College Dublin

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**5<sup>th</sup> January 2021**

## DECLARATION

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I certify that the dissertation entitled:

The Effect of Procurement Procedures On Financial Performance using Fratelli Vanni Calturificio Company, Italy as a Case Study.

Submitted for The Degree of: **MSc in International Procurement & Supply chain Management** is the result of my own work and that where reference is made to the work of others, due, acknowledgment is given.

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## DEDICATION

I Submissively Dedicate this work of research to God Almighty for this opportunity and grace all through this phase of my life.

Also, I would like to Appreciate my Loving **and caring parent** for their Sponsorship, Emotional and Moral support all through this study. Thank you, my loving Parents and all my siblings, who I left in my home country Nigeria to progress my career and seeing it to completion, I love you all.

Finally, I would like to express my sincere gratitude to **My Dad (Chief Lazarus Mbaonu Igbokwe)** who saw the need for me to add this degree to my resume' in order to properly manage and promote our family business to international recognition.

I also dedicate this work to my colleagues who gave absolute morale as a support for fast completion.

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## LIST OF ABBREVIATIONS

<b>ANOVA</b>	Analysis of Variance
<b>B2C</b>	Business to Customer
<b>JIT</b>	Just-In-Time
<b>SPSS</b>	Statistical Software Package for Social Sciences

## **ABSTRACT**

The study investigated the effect of procurement procedures on financial performance at Fratelli Vanni Calzaturificio Footwear Company, Italy. The objectives of this study were; to examine the extent to which response rates in the implementation of procurement procedures affect financial performance at Fratelli Vanni Calzaturificio Footwear Company, Italy; to investigate the relationship between financial management in the implementation of procurement procedures and financial performance at Fratelli Vanni Calzaturificio Footwear Company, Italy; and to study the extent which the need for professionalism in procurement procedures implementation affect the financial performance at Fratelli Vanni Calzaturificio Footwear Company, Italy. The study employed a case study research design in collecting relevant information. The total populations for this study were 41 respondents with a sample size of 41. Stratified and simple random sampling techniques were employed. Questionnaires were used as the main data collection instruments. Data was analyzed through descriptive statistics and later presented in frequency tables and percentages and pie chart. The study was carried out at Fratelli Vanni Calzaturificio Footwear Company, Italy. The study adopted lean theory to provide a relevance to the study. The statement of the problem mainly focused on major issues facing the procurement procedures and analyzes their effects on financial performance. Data was collected using a questionnaire and the findings were analyzed using both descriptive (frequencies and percentages) and inferential statistics (correlation analysis). The study established that professionalism, financial management and response rate were positively and highly correlated with financial performance. This meant that through professionalism, financial management and quick response rate, the organization can achieve its objectives which will lead to enhancement of financial performance. Professionalism was found to be crucial in any procurement procedure implementation in an organization. Therefore, it is very important for organizations to encourage professionalism and quality financial management in procurement of goods and services. They should also avoid low response rate in the implementation of the procurement procedures.

## CHAPTER ONE

### 1.0 INTRODUCTION

#### 1.1 BACKGROUND TO STUDY

Footwear industries, according to Margo DeMello (2009), are industries in the fashion sector of business which deals mainly with the production and distribution of footwear such as shoes, safety boots, sandals and other materials used for protecting the human feet from hazardous environmental material which are capable of causing injury or infections to the human feet.

Footwear is in different categories based on the materials used for their production. Some are categorized as leather footwear while others are rubber footwear. The leather footwear is produced using leather materials as the main raw material. These can be produced in the form of leather sandals, shoes, slippers, sneakers, safety boots, galoshes etc. On the other hand, rubber types of footwear are those manufactured with synthetic rubber. These are widely produced majorly for protection of the feet during the raining season. In recent days, footwear materials are seen as fashion materials and are used for adornment purpose and also to indicate the status or rank of persons in the society.

Since the earliest history of human being, footwear has been seen in use among the ancient civilized people. While some of the great nations then saw a significant need for wearing footwear, others such as Egypt and Greece gave no practical significance to wearing of footwear due to their climatic and landscape situations which are quite convenient for their feet and as such, they preferred to use shoes mainly as adornments and emblems of power. As a desire to look larger than life and display power and status in the society, the Middle Ages wore high-heeled shoes. (Margo, 2009)

Effective management of manufacturing industries lay broad emphasis on the manufacturing procedure to measure financial performance, continuous improvement of the quality of products and prompt response to the demands of the customers.

Procurement means availing goods and services which an organization requires for a proper and effective delivery of its products and services to its customers. It plays a

critical and essential role in financial performance of industries with no exemption of footwear industries. As its basic function, procurement procedures should emphasize more on the rightful use of company money in order to achieve the company purpose which starts with the identification of company's needs to the completion of products and services. Jensen and Refsgaard (2008) define procurement procedures as a way of obtaining the right and needed goods and services which are able to meet the organization's needs, with considerations on costs effectiveness, quality of the goods or services, meeting demand quantity, speed of delivery time and location of vendor. At the concrete, procurement department of an organization is responsible for carrying out all the procurement and purchasing functions of the firm. The key obligation of the procurement department is to receive all the demands from the firm's numerous clients and ensure that the supplies are provided for the customers depending on the type of goods or services and quantity of demands made by the clients. The other tasks for this crucial department encompass conducting proper planning of the quotations and bids and carrying out market survey to ascertain that correct specification and quantity of the goods procured are supplied as at when due to the customers.

Based on research records and findings by scholars, the growth in the Italian footwear market both in the aspect of financial turnover and market growth has fluctuated over the years, with two periods of decline seen in the years 2009 and 2012. At present, the market counts for a gross value of 4,646 million US Dollars. This represents a compound annual rate of change of 0.7 per cent between the year 2008 and year 2012. In 2017, the Italian market was forecast to have grown to a value of 4,672 million US Dollars. This indicates an increase of 0.6 per cent since year 2012 (D'Amico, et al., 2013).

Making use of these considerations as its starting point, this study therefore aims to investigate the Italian footwear industry, by exploring the relationship that exists between procurement procedures and the financial performance in the industry taking into considerations the following variables among other procurement procedures: response time, financial management and need for professionalism in procurement procedures implementation.

## **1.2 STATEMENT OF THE PROBLEM**

Various researches have stressed that in order to improve supplier performance and financial performance, organizations have shifted focus to supplier development programs (Alaez-Aller and Longas-Garcia, 2010). It has been argued that effective management of the purchasing strategies leads to remarkable improvement in financial performance. Consequently, poor procurement procedures principle also results in loss of time and money leading to poor financial performance.

In the current economic context, remarkable changes have taken place and vividly noticed in the processes of structuring procurement around the globe.

On the one hand, procurements are constituted new ways in some certain places and the procurement procedures are seen to be re-localized in such a way that is special and different around the various locations globally. On the other hand, procurement procedures, even those that connote made in Italy, are internationalized as a whole according to the findings of scholars such as Arregle, et al. (2009), Cantwell (2009), Miller and Eden (2006) and Rugman and Verbeke (2004).

Another significant phenomenon that justifies carrying out this research work is the repositioning which is taking place at present in the international procurement procedures by the Italian footwear firms operating in the business to consumer (B2C) markets. In recent years there have been many companies that have resolved to embarking on modification of the content of the strategies and characteristics of their organizational structure in the international markets. Among these strategies includes the quality incorporation into the procurement processes of their firms in order to achieve financial improvement in their organizations.

This study was necessary to carry out thorough study of the impact this repositioning has had on the financial performance of footwear industry. This study therefore investigated the effect of procurement procedures on financial performance of footwear industries in Italy with Fratelli Vanni Calzaturificio company as a case study.

### **1.3 OBJECTIVES OF THE STUDY**

#### **1.3.1 General Objective**

The study investigated the effect of procurement procedures on financial performance of footwear industries with reference to Fratelli Vanni Calzaturificio Footwear Company, Italy.

#### **1.3.2 Specific Objectives**

1. To examine the extent to which response time in the implementation of procurement procedures affect financial performance at Fratelli Vanni Calzaturificio Footwear Company, Italy.
2. To investigate the relationship between financial management in the implementation of procurement procedures and financial performance at Fratelli Vanni Calzaturificio Footwear Company, Italy.
3. To study the extent which the need for professionalism in procurement procedures implementation affect the financial performance at Fratelli Vanni Calzaturificio Footwear Company, Italy.

### **1.4 RESEARCH HYPOTHESES**

- 1.4.1** Hypothesis  $H_{01}$ : There is no significant relationship between need for professionalism in procurement procedure and financial performance.
- 1.4.2** Hypothesis  $H_{02}$ : There is a significant relationship between financial management and financial performance of organizations.
- 1.4.3** Hypothesis  $H_{03}$ : There is no significant relationship between low response time and financial performance of organizations.

## **1.5 ASSUMPTIONS**

The study assumed that the organization, Fratelli Vanni Calzaturificio Footwear Company, used procurement procedures during procurement. The study further assumed that financial performance is influenced by procurement procedures.

## **1.6 SIGNIFICANCE OF THE STUDY**

The findings arrived at in this study might be useful to the management of the organization in formulating methods and means of selecting and deploying their employees based on professionalism, measuring the daily activities of the staff in the procurement department and formulating profitable relationship between the organization and its customers.

Also, the findings might serve as guide for the organization in improving its material control procedures, response time to the market, and record management in the implementation of its procurement procedures.

Finally, the findings of the study might serve as a relevant literature for other future stakeholders and researchers in relations to procurement procedure and financial performance improvement.

## **1.7 SCOPE OF THE STUDY**

The study focused on the effects of procurement procedures on financial performance at Fratelli Vanni Calzaturificio Footwear Company, Italy. The study employed a case study research design. The respondents of the survey were limited to the active employees of Fratelli Vanni Calzaturificio Footwear Company, Italy.

## **1.8 STRUCTURE OF THE STUDY**

The study was organized into five chapters. The first chapter highlighted the background to the study, statement of the problem, objectives of the study, assumptions of the study, significance and scope of the study.

Chapter two comprised the literature review. The related literature was reviewed on the concepts of procurement procedure and its effect of organization's financial performance.

The third chapter covered the research methodology that was employed. This included research design, target population, sample size and sampling technique, nature of research data, research validity and reliability, data collection procedure, data analysis method and ethical consideration.

Chapter four consist of data analysis, interpretations and discussion while chapter five contains the summary of the findings, conclusions and recommendations emanating from the study.

## CHAPTER TWO

### 2.0 LITERATURE REVIEW

This chapter presented the review of some relevant literature of works carried out by various scholars in business field as related to procurement and organization's financial performance. Some key explanations were provided to guide the design of this study as well as to give theoretical and analytical review concerning the study. Among what were discussed in this section are the meaning and concept of procurement, and some procurement processes which have either negatively or positively effects on the financial performance of organizations as revealed by business scholars.

### 2.1 EMPIRICAL REVIEW

#### 2.1.1 PROCUREMENT

Procurement has been defined by various scholars in the business sector. It is said to be the process of finding and agreeing to terms, and acquiring goods, services, or works from an external source, often via a tendering or competitive bidding process (Laffont and Tirole, 1993).

Arminas (2002) explained that procurement is the acquisition of goods and/or services at the best possible total cost of ownership, in the right quality and quantity, at the right time, in the right place and from the right source for the direct benefit or use of corporations, individuals, or even governments. Lengthy procedures have sometimes undermined efficiency in the procurement system (Arminas, 2002). Procurement is used to see to the fact that the buyer receives goods, services, or works from its supplier at the best possible price when aspects such as quality, quantity, time, and location are considered and critically compared (Weele, 2010).

On a general level procurement essentially involves commerce between two or more businesses and is such an important element of business operations that a clear strategy is imperative. This has led to much investigation of varieties of means by different

organizations to streamline the industrial procurement process for the purpose of improving its financial implications on the overall performance of their firms. From a strategic perspective, procurement can encompass the entire business operation including the requisitioning, transportation, warehousing, and in-bound receiving processes of a company (Nevalainen, 2001), where the dominant goal is to achieve process efficiency (Aldin et al., 2004). Based on findings of different researches carried out by different scholars, the quality of purchasing products, financial performance, experience learning and knowledge creation, enterprise competence enhancement, and continuous collaboration opportunities with partners are all related to the completion and success of the buyer-supplier interaction associated with the knowledge incorporated in procurement procedures.

Procurement activities are also often split into two distinct categories. These include direct and indirect procurement.

**Direct Procurement:** This refers to the production-related procurement that encompasses all items that are part of finished products in the production line, such as raw materials, components and parts. Direct procurement, which is the focus in supply chain management, have great direct effect on the production process of manufacturing firms. Direct procurement deals with the purchase of high volume materials and/or services that directly facilitate the creation of the end product (Bartezzaghi and Ronchi, 2004).

**Indirect Procurement:** Indirect procurement, on the other hand, concerns non-production related acquisition: obtaining "operating resources" which a company purchases to enable it carry out its operations. It comprises a wide variety of goods and services, from standardized items like office supplies and machine lubricants to complex and costly products and services like heavy equipment, consulting services, and outsourcing services (Caldwell, 2009; Lewis and Roehrich, 2009). The goods and services classified under the umbrella of indirect procurement are commonly bought for

consumption by internal stakeholders of the company rather than the external customers or clients. Indirect procurement is the purchase of the support materials and services which are necessary to enable the creation or production of the end product (Bartezzaghi and Ronchi, 2004).

### **2.1.2 PROCUREMENT PLANNING AND FINANCIAL PERFORMANCE**

Procurement Planning is a process in procurement which involves determining the procurement needs of an entity and the timing of their acquisition and their funding such that the operations of the entities are met as required in a most efficient way. Procurement planning involves making decision on whether there is a need for a particular goods or service and will equally involves ensuring that the purchaser has the legal powers to undertake the transaction, obtaining any relevant approvals within the government hierarchy and arranging the necessary funding as the need being (Arrowsmith, 2000). Procurement planning is the primary and fundamental function that sets the stage for subsequent procurement activities. This implies that any mistake in procurement planning will not only have a direct impact on operating costs but will also affect other aspects of the organization such as its profitability, return on investment, balance sheet size, and capital adequacy, among others. Procurement begins with the planning decision to make the purchase and this will involve in the first place, making decision on whether there is a need for the particular goods or services, thereby making sure that the buyer has the legal powers to undertake the transaction, obtaining any relevant approvals and making arrangement for the necessary funding (Arrowsmith, 2000).

### **2.1.3 TENDERING PROCEDURES**

A tender is an offer to do work or supply goods at a fixed price. Initiating step of a tendering process involves inviting qualified contractors to submit sealed bids for construction or for supply of specific and clearly defined goods or services during a

specified timeframe. The tender process is designed to ensure that the work to be done for client or the goods or services to be supplied to the client is given out in a fair and most reasonable and economical way. Once client accepts a tender, it then becomes binding on both parties. Conventional tendering process involves pre-tender stage, tender advertisement stage, closing of tender, tender opening process, tender evaluation process and finally tender award (UK, 2018).

There are basic requirements for tendering procedures requirements. These requirements include accountability and auditability, economic effectiveness, and risk management.

## **2.2 PROFESSIONALISM AND RECORDS MANAGEMENT IN PROCUREMENT PROCESSES**

### **2.2.1 PROFESSIONALISM**

In carrying out procurement procedures that will improve financial performance, professionals e.g. in tendering, procurement, evaluation, disposal and others are to be involved. Great loss actually results during the procurement process in some organizations simply as a result of involving certain individuals with little knowledge to take part in the procurement processes. This fault may be due to irregularity in the employment process by the human resources department of such organizations (Ibitoye, 2001). In severely compromised systems, even this veneer of formal compliance is not observed mainly because accomplices have no fear of retribution.

### **2.2.2 RECORDS MANAGEMENT**

Record management is a crucial aspect of survival for any company, no matter the size. Not only is keeping track of important information vital to the smooth operations of a company, trying to track down and find documents (both paper and electronic) can be a very costly process. Proper management of relevant company's records can go a long

way to affect the company's performance in yielding total financial improvement of the organization. Having a system in place to manage the classification, storage, archiving, and destruction of company's records can help avert a costly and potentially damaging situation. Such system makes it possible to conveniently track, retrieve, and securely store important documents (Bolton, 2006). With so many threats facing companies today most especially production companies, record management is one vital key to managing a successful business.

A record keeping system is a day to day method by which a business manager records the financial transactions and other relevant dealings of the business. These business records make it easy for the manager to properly analyze where the business was, where it is and where it is going. Keeping records is crucial for the successful management of any business. A comprehensive record-keeping system makes it possible for business managers to develop accurate and timely financial reports that show the progress and current condition of the business. With the financial report generated from a good record-keeping system, managers can compare company's financial performance during one period of time (month, quarter or year) with another period, calculate business trends and plan adequately for the business future (Robek, et al., 1995). An appropriate record-keeping system can determine the survival or failure of a business. Good record-keeping systems can increase the chances of staying in business and the opportunity to earn larger profits while poor or absence of record-keeping systems can result in a devastating effects which can force a company out of business due to possibility of recording huge loss (Robek, et al., 1995).

A basic record-keeping system should be easy to use, understand, reliable, accurate and timely. The business needs some type of business journal to record transactions and a well-organized filing system. The system should also be generating monthly financial statements that include cash flow, accounts receivable, accounts payable, payroll, overall income statement and balance statement (Robek, et al., 1995). A record system should also do more than simply keeping records. Ideally, a good record system should be able to project itself into the future or the past and give an ideal picture of the financial situation at that point in time.

Broadly, the records help one evaluate the past and present performance of the business and to project and plan its future. Important financial information is extracted from the accounting records to make various analyses which are used by management for decision making (Robek, et al., 1995).

## **2.3 EFFECTS OF RESPONSE TIME AND FINANCIAL MANAGEMENT ON FINANCIAL PERFORMANCE**

### **2.3.1 RESPONSE TIME**

Supplier relationships are frequently described as strategic based on time factor and the nature of supplier relationships may be directly related to the buyer's core competence (Neef, 2001) but outsourcing decisions are frequently taken without a thorough strategic review. Suppliers directly impact the quality, cost and delivery of the firms that incorporate the suppliers' outputs into their final product (Kiburi, 2008).

Response time in procurement in consideration to competitive environment includes lower procurement costs, faster cycle times, reduced maverick or unauthorized buying, more highly organized information, and tighter integration of the procurement function with key back-office systems. Effectiveness includes increased control over the supply chain, proactive management of key procurement data, and higher-quality purchasing decisions within organizations (Lumpkin & Dess, 2000).

### **2.3.2 FINANCIAL MANAGEMENT**

Financial Management is putting together the economic resources at hand to make efficient use of them and taking decisions that can successfully culminate in acquiring more assets for the business. With effective Financial Management an organization can even attract finance to meet the short term and long term requirement of the firm. The whole process is intense and deals with the selection of specific or a combination of assets to deal with a financial issue, if any. The aim of Financial Management is to reduce

the size of a problem and ensure fiscal growth of the enterprise (Scarpetta, 2003). The spending portion of financial management covers the budget cycle, including budget preparation, internal controls, accounting, internal and external audit, procurement, and monitoring and reporting arrangements. Financial plan execution is mainly affected by the impact of cash management in the context of fiscal constraints, weaknesses in the commitments controls, and shortcomings in the procurement process.

## **2.4 OTHER FINANCIAL IMPROVEMENT PRACTICES IN PROCUREMENT PROCEDURES**

Other cost savings include economies gained from reduced order cycle time and greater timeliness in ordering and delivery. Order cycle cost reductions occur when Internet-based buying lowers managerial involvement in purchase activities and in the number of separate buying tasks and procedures that must be carried out. E-commerce tools offer the opportunity to group tasks such as vendor identification, specification transfer, and pricing into a seamless communication stream, lowering time and cost investments. Further, highly knowledgeable technical personnel, reduced conflict and better coordination imply better product selection and inventory management.

Inefficiencies in the procurement processes lead to lack of control and not realizing value for money in any business. Other problem that may result from inefficiency in the procurement process includes poor management of procurements, corruption, theft and loss of company properties. (Odhiambo and Theuri, 2015)

## 2.5 CONCEPTUAL FRAMEWORK

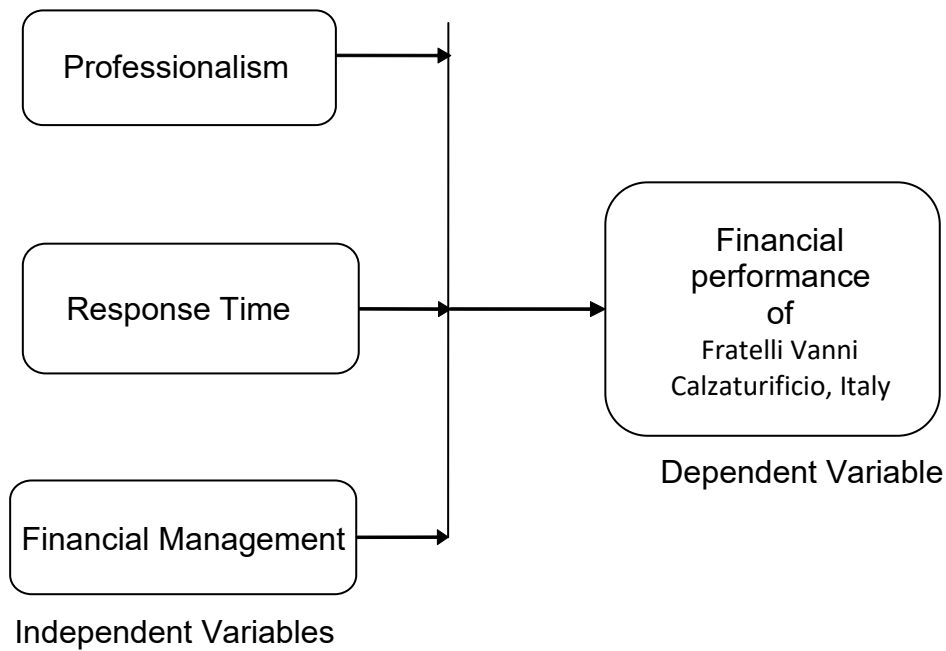


Figure 2.1: Conceptual framework

Source: Researcher, 2020

As shown in the figure above, the study will be using a research framework which includes four independent variables which are professionalism, records management, response time and financial management. These variables will be used to measure the financial performance of the sampled company. The variables are described below.

### 2.5.1 THE INDEPENDENT VARIABLES

The independent variables include professionalism, records management, response time and financial management.

### **2.5.1.1 Professionalism**

Professionalism in procurement processes simply connotes the level of qualifications and proficiency which procurement officers possess in the field of procurement. This is the major factor that separates procurement staff from other staff of an organization. Maintaining the use of competent professionals in the procurement processes can without any doubt result in improved financial performance. In other words, the financial performance of a firm is dependent in a way on the professionalism of the procurement personnel.

### **2.5.1.2 Records Management**

Gordon (2009) outlines that record keeping is an important aspect in business because it is the base from which information is prepared concerning an organization's financial performance. Data obtained from the firm's records is sorted out, classified and processed into information which is useful to be reported as the financial statements normally prepared at the end of a particular period. The primary uses of financial statements for any organization are for evaluating past organizational performance and predicting future performance. These statements are therefore the major factors that determine the kind of information to be extracted for performance evaluation. Having a record of the financial performance of an organization could also be used to analyze how the business is fairing on revenue generation for the same period, and to find out if the business is making any profits or not. Financial record also gives relevant important information on who is owing the business money and when the debt will be due for payment, and whether the business is owing anyone money to other organizations or individual and how much it owes. Cummings and Qiao (2003) indicate that the use of records is an integral part of successful financial management. The record can also be used to compare the business with the current operations so as to reveal the means of accelerating favorable trends in the business and reducing those that are unfavorable. Financial records help business owners to manage their businesses better.

### **2.5.1.3 Response Time**

The rate of responding to the customers can have great impact on the financial performance of an organization. Strategic purchases, high value purchases and supplier selection and evaluation in relation to the response time have substantial implications for a firm's ability to make profits and thus should be considered as a major tool for measuring the organization's financial performance. With response time reduced, more orders could be processed and supplied, which would improve the company's efficiency and reduce its operational cost.

### **2.5.1.4 Financial Management**

Financial management refers to how well a company make use of its resources including the human resources in order to yield profits and reduce costs. With suitable financial management in place in an organization, it may be projected that the financial performance of such organization will be improved. Proper financial management also could result in cost savings which in turn results in financial improvement of an organization. Maintaining low inventory in a way is also a good financial management practice which could yield improved financial performance. Low inventory could also help a company in averting some problems such as overstocking, spoiled and out of fashion products, and increased cost of distribution and recall.

Flexibility which is the ability to respond promptly to the changes that may occur in the business environment due to unforeseen market or economic conditions, is also a good financial management practice which could help reduce or eliminate wastes and prevent spoilage of products. The ability of a company to respond with flexibility and make adjustment to market changes will determine the financial performance of such company.

## CHAPTER THREE

### 3.0 RESEARCH DESIGN AND METHODOLOGY

This chapter presents the details of how the philosophy and approach employed in this research, the design approach for the research, the target population, sample size and sampling technique, the nature of research data, the validity and reliability of the research data, collection procedure and analysis method of the data as well as the ethical consideration observed in sourcing the data.

### 3.1 RESEARCH PHILOSOPHY AND OVERALL APPROACH

The paradigm that the researcher considered in this study is the lean paradigm in procurement procedures. Lean paradigm has been proven by many scholars to be one of the best theory that guide companies on how well to serve their customers in order to both achieve more profits and satisfy the customer's need timely and accurately. The main purpose of this lean paradigm is to meet the customer's needs according to the customer's prescription and quantity with full consideration of delivery time and costs effectiveness to all members within the supply chain. The lean paradigm majorly emphasizes more on how wastes could either be reduced or totally eliminated both in the manufacturing processes and in the product delivery to customers. It also emphasizes on how quick and effective a company responds to market demand. The main objective of this research work is to examine the effect of procurement procedures on the financial performance of footwear industry in Italy using Calzaturificio FRATELLI VANNI Footwear Company as a case study.

#### 3.1.1 LEAN PARADIGM

Lean practice refers to a variety of activities put in place by organizations with the primary aim of reducing or removing waste in the cost of producing their products or delivering their services by reducing all operations that do not add value, and improving on those with good value addition (Wee H., and Wu S., 2009). Lean paradigm is centered

mainly on making simple all the processes involved in the manufacturing flow of company's products and improving all the procurement processes. It also seeks to reduce all forms of wastes in the production line and reduce the existing nonvalue-added activities in the production processes. Lean paradigm that is linked to procurement procedures is a profit-oriented approach which is centered mainly on reduction of production cost and time improvement of the organizational performance both in the market and financial improvement. Adopting the lean practices such as Just-In-Time practices involves identifying and improving on value that could meet the demand of customers and then improve on this value and while meeting the customers' demand speedily without any delay along the line. It focuses mainly on smooth flow of production materials within factories. It also entails improving production processes and eliminating wastes consistently. A list of lean characteristics includes supplier satisfaction feedback, just-in-time (JIT) delivery to customers, procurement process development, customer involvement, continuous flow of production, reduction of the time involved in the operation process, total preventive maintenance, control of statistical process, and fully involving company employees. Kumar also justifies this lean practices by stressing that using lean approach may involve implementation of practices such as mass production of products, just in time (JIT) delivery, and long-term customer relationships in order to achieve a lower cost and eliminate waste (Kumar, et al., 2001).

Companies which have been applying lean manufacturing practices in their procurement procedures have recorded reasonable reduction in lead time, improvement of quality, and cost savings for their companies. Lean manufacturing principles first started in the automotive industry and presently are applied in other industries. Just-in-time approach, as a lean practice applied in so many companies of nowadays aims at reducing total costs of incurred in the procurement procedures by procuring only what the customers need immediately and eliminates all forms of wastes.

### **3.2 RESEARCH DESIGN STRATEGY**

This study is carried out to review the effects of procurement procedures on the financial performance of footwear industry in Italy. A prominent Italian footwear company was

chosen for the survey. This company is named Fratelli Vanni Calzaturificio Footwear Company, Italy. Internet based surveys was developed and distributed to the executives of the company where the data for the study was collected. Questionnaire for this purpose was designed and used to collect the relevant data for the survey.

The study made use of a descriptive case study design method. Descriptive survey is a survey which focuses mainly on individuals, groups and communities in which it intends to gather relevant information for the research through the use of interviews or administering questionnaires to a group of selected population targeted for the study. Descriptive design used in this study is a type of design which allows researcher to cover a wide range of participants and cover a number of related items for data collection.

### 3.3 TARGET POPULATION

The target population for this study includes all the Procurement Manager, Procurement officers, Supervisors, Departmental assistants, Financial Officers, customer care attendants and other staff. The forecast total population for this study is approximately 41 participants. The target population is shown in table 3.1 below according to the category of the participants.

Table 3.1 Target population

Category	Target Population
Managers	5
Procurement officers	24
Supervisors	2
Departmental assistants	1
Other staff	2
Financial Officers	5

Customer Care Attendants	2
<b>Total</b>	<b>41</b>

Source: Researcher (2020)

### 3.4 SAMPLE SIZE AND SAMPLING TECHNIQUE

The sample size for this study was 41 respondents. The study utilized both stratified sampling technique and simple random sampling technique. With stratified sampling sub groups were identified from the population and samples were chosen from each sub group to form sample so as to ensure a homogenous sub set were grouped together that have analogous characteristics. Also with simple random sampling technique samples were chosen fairly from target population to see to the fact that each member of the target population had equal and independent chance to be included in the sample.

Table 3.2 Sample Size

<b>Respondents</b>	<b>Number of sample</b>
Managers	5
Procurement officers	24
Supervisors	2
Departmental assistants	1
Other staff	2
Financial Officers	5
Customer Care Attendants	2
<b>Total</b>	<b>41</b>

Source: Researcher (2020)

### **3.5 NATURE OF RESEARCH DATA**

This survey focused on requesting that the participants supply answers to some questions based on the objectives of the study. These questions were carefully structured to answer the research questions earlier stated which include questions that attempt to find out: the extent to which response time in the implementation of procurement procedures affect financial performance in Fratelli Vanni Calzaturificio Footwear Company, Italy; the relationship between financial management in the implementation of procurement procedures and financial performance in Fratelli Vanni Calzaturificio Footwear Company, Italy; and the extent to which professionalism in procurement procedures implementation affects the financial performance of Fratelli Vanni Calzaturificio Footwear Company, Italy.

The research was designed to find answers to the research questions of the study. These research questions remained seeking to find out the following:

1. To what extent do response time in the implementation of procurement procedures affect financial performance in Fratelli Vanni Calzaturificio Footwear Company, Italy?
2. What is the relationship between financial management in the implementation of procurement procedures and financial performance in Fratelli Vanni Calzaturificio Footwear Company, Italy?
3. To what extent does the need for professionalism in procurement procedures implementation affect the financial performance of Fratelli Vanni Calzaturificio Footwear Company, Italy?

In an attempt to get answers to these questions, electronic questionnaire was designed and forwarded to the respondents who completed the questionnaire based on their individual understanding of the research items and returned the completed questionnaire through same electronic mean. The questionnaire contained a sequence of queries that were designed and used to collect relevant information from the

respondents via electronic mail. The instruments in the research questionnaire contained some certain information which was used to gather information which were later used in the study to meet the objectives of the research. The instruments in the questionnaire were constructed in such a manner that it was easy to answer by the respondents and did not need much pressure like in the case of verbal or telephone surveys. The questions which the survey contained were easy for respondents to understand and was designed in such a way that is easily compiled.

### **3.6 RESEARCH VALIDITY AND RELIABILITY**

#### **3.6.1 Validity**

Validity based on the view of Mugenda (2003) simply means how accurately the data obtained from respondents in the research represents the variables of the study. Validity tells whether the research data is in line with the purpose of the research measuring the exact variable it is intended to measure. Many researchers often use the research works of other scholars to measure the validity of their own research. The inferences based on the research data will be accurately and meaningfully representing the research variables if such data truly reflects the variables. To ensure validity, the researcher took his time to discuss the items in the instrument with the project supervisor and other lecturers from his department as well as with colleagues in a way so as to get relevant advice on the nature and accuracy of the items. The advice supplied by these people therefore was acted upon and used by the researcher to determine the validity of the research instruments. Necessary changes were adopted based on the advice and then as a result of such changes, the research items were altered to ensure that they are valid. Also, in a bid to ensure content validity of the instruments, pilot study was conducted with few but relevant respondents. The responses of these pilot study was therefore checked side by side with the objectives of the research. A sample of some questionnaires was used for this purpose and distributed to non-participating respondents but however were those who have relevant knowledge of the subject matter in the actual study.

### 3.6.2 Reliability

Reliability as defined by Kothari (2003) is a research tool that involves a test that consistently yields the same results when taking repeated measurements of the same individual under the same conditions over time. The researcher carried out a test on the reliability of the instruments of this research through pilot testing. The researcher re-administered the same questionnaires again to the same group of respondents after the first submission to ascertain how well the items are reliable. Pearson's correlation ( $r$ ) was used to determine the coefficient stability of the data collection instruments.

$$r = \frac{N \sum XY - (\sum X)(\sum Y)}{\sqrt{[N \sum X^2 - (\sum X)^2][N \sum Y^2 - (\sum Y)^2]}}$$

Where,

$r$  is the Pearson's coefficient of correlation

$N$  is the number of respondents who took part in the survey

$X$  are the test scores

$Y$  are the retest scores

### 3.7 DATA COLLECTION PROCEDURE

The data for this study was collected by the researcher with the use of questionnaire. Questionnaire, according to Kombo and Tromp (2006) is a research tool that is used for gathering data over a large sample without barrier whatsoever. The questionnaire as the most appropriate research tool, allowed the researcher to collect information from a large sample with diverse background. Other benefits of choosing this research tool include the fact that the findings of the survey are kept confidential, it saves time and no opportunity for bias. This study was done through presentation of the questionnaires to the respondents via electronic means after getting the relevant consent from relevant stakeholders of the company. Primary data was collected in order to get the relevant information. The questionnaire was forwarded to respondents via electronic mail and then collected back within a period of 14 days. This was to allow the respondents to

have enough time to complete the questionnaire in order to ensure maximum return on the questionnaire. This procedure was suitable since the population considered in this study is literate, reasonable and the period of data collection allowed them to take time to supply their responses. Storage of data was done in an electronic spreadsheet which also facilitated statistical calculation of the variables.

### **3.8 DATA ANALYSIS METHOD**

The analysis of the data of this study was carried out using quantitative analysis for the purpose of achieving the set objectives of the study. Numerical values, (1 to 5) were assigned to responses coding in the questionnaires to denote measurement of variables, the data was then analyzed and presented in the form of tables, frequencies, percentages and charts. To determine the correlation between the dependent variable and the independent variables of this research, Pearson correlation was used. This study used Statistical Package for Social Sciences (SPSS) for the analysis of the research data. Multiple regression analysis with ANOVA technique was used to determine the effect of the independent variables on the dependent variable. Like in correlation analysis, regression analysis assumes that the relationship between variables is linear. Multiple regression analysis focuses on finding the best straight line relationship to explain how the variation in a dependent variable is dependent on the variation in an independent variable. Findings were collected and presented using frequency tables, and percentages.

### **3.9 ETHICAL CONSIDERATION**

The researcher obtained the permission of relevant stakeholders of the sampled company, Fratelli Vanni Calzaturificio Footwear Company, Italy, to embark on the study. A consent letter which contained detail explanation of the nature and the rationale for the study was forwarded to the respondents by the researcher. The researcher in a bid to show respect for individuals' rights avoided the collection of the personal data of respondents in the survey so as to safeguard their personal integrity. In respect to this, information such as the names and other personal data of participants was not collected

in the questionnaire, but each questionnaire gave a code number for reference, hence the respondents' anonymity was maintained. The information supplied by the participants was treated confidentially and for the purpose of the research use only. They were also given full right and freedom to either continue with the survey or withdraw from the study at any point or time without any consequences.

## CHAPTER FOUR

### 4.0 DATA ANALYSIS, PRESENTATION AND INTERPRETATION

#### 4.1 QUESTIONNAIRE RETURN RATE

Questionnaire return rate is the proportion of the questionnaires returned after they had been issued to the respondents. The research carried out sampling of 41 respondents from the various departments at Fratelli Vanni Calzaturificio Footwear Company, Italy. A total of 41 positively responded to the study giving a response rate of 100%. A response rate of at least 50% according to Mugenda (2003) is ideal to make generalizations for a study. Therefore, the response rate (100%) is perfect for data analysis and for making generalizations for this study. The table 4.1 below shows the findings.

**Table 4.1 Questionnaire return rate**

<b>Respondent</b>	<b>Sample</b>	<b>Returned</b>	<b>Percentage(%)</b>
Managers	5	5	12.2
Procurement officers	24	24	58.5
Supervisors	2	2	4.9
Departmental assistants	1	1	2.4
Other staff	2	2	4.9
Financial Officers	5	5	12.2
Customer Care Attendants	2	2	4.9
<b>Total</b>	<b>41</b>	<b>41</b>	<b>100</b>

Table 4.1 shows that 100% of the questionnaire were returned which was excellent for the study.

## 4.2 DEMOGRAPHIC DATA OF RESPONDENTS

The study sought to survey the demographic characteristics associated with the respondents. These include the survey of the nature of their current job, their job description and the function(s) that best describe their responsibilities in their current job. The survey was carried out for the purpose of establishing that the methodology used was not biased based on any of the demographics of the respondents.

### 4.2.1 Working Experience

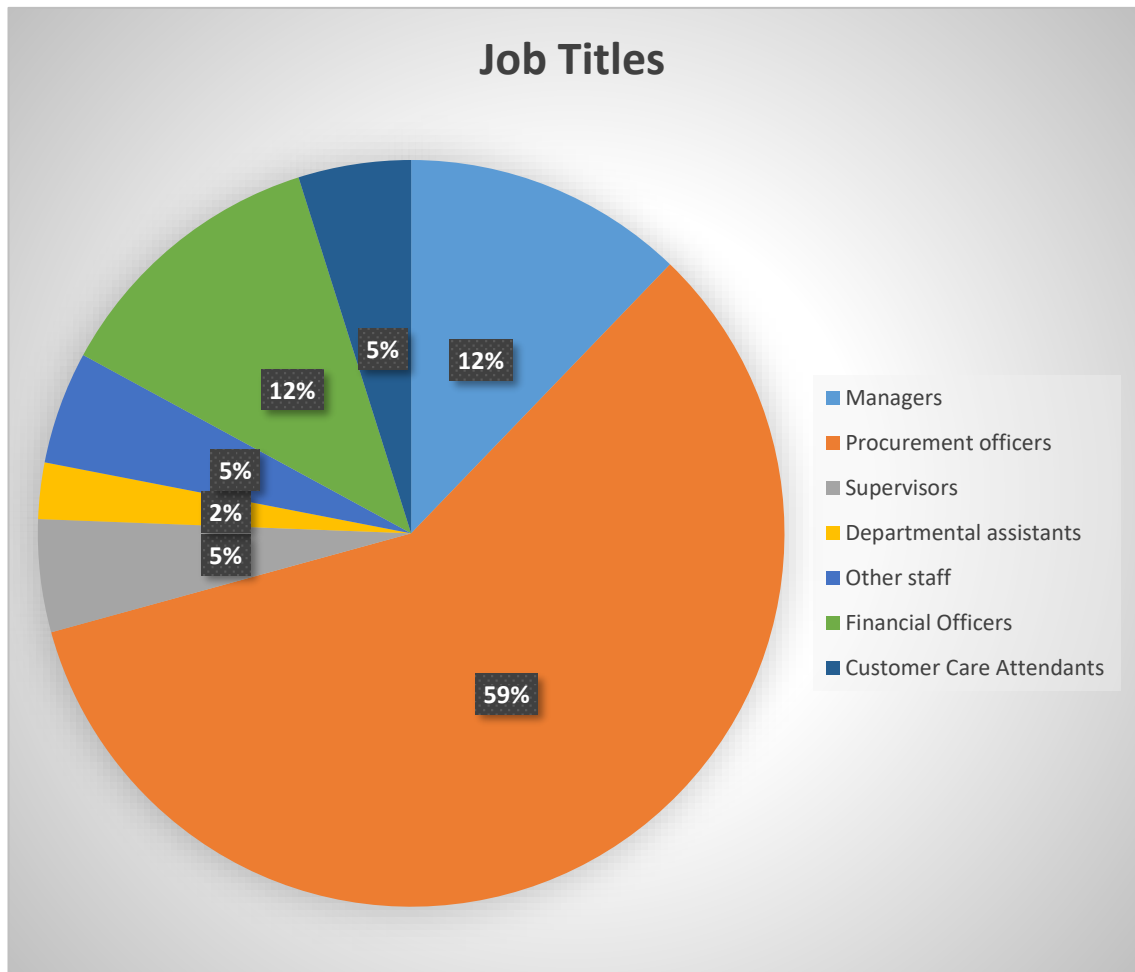
Collection of data was carried out from respondents of different categories based on the nature of their current job and years of working experience with the aim of getting responses from their years of working experience in their respective positions in the firm. The table 4.2 below shows the findings from the respondents.

**Table 4.2 Current job title**

<b>Job title</b>	<b>Frequency</b>	<b>Percentage</b>
Managers	5	12.2
Procurement officers	24	58.5
Supervisors	2	4.9
Departmental assistants	1	2.4
Other staff	2	4.9
Financial Officers	5	12.2
Customer Care Attendants	2	4.9
Total	41	100

From the findings as shown in Table 4.2, it was gathered that 5(12.2%) of the respondents were currently occupying the position of Managers at various sector of the

firm. 24(58.5%) were in the position of procurement officers, 2(4.9%) were supervisors, 1(2.4%) was departmental assistant, 5(12.2%) were financial officers, 2(4.9%) were customer care attendants, while 2(4.9%) fell into the category of other staff. This is also shown in figure 4.1. As a result of their various nature of jobs, the respondents captured in this research were considered ideal as they would be counted upon to provide relevant opinion needed by the researcher for the study.



**Figure 4.1: Job titles**

**Source: Researcher, (2020)**

#### **4.2.2 Job description**

The researcher also sought to collect data from respondents of different years of working experience both in their current position with the organization and the number

of years they have been working with the current organization. The findings were then presented in Table 4.3

**Table 4.3 Job Description**

		<b>Under 2 years</b>	<b>2–5 years</b>	<b>6–10 years</b>	<b>Over 10 years</b>	<b>Total</b>
For how long have you been in your current position?	Frequency	8	14	13	6	<b>41</b>
	Percentage	19.5	34.1	31.7	14.6	<b>100</b>
For how long have you been in your current organization?	Frequency	7	10	16	8	<b>41</b>
	Percentage	17.1	24.4	39.0	19.5	<b>100</b>

The study findings showed that 8(19.5%) of respondents had worked in their current position for a period less than 2 years. Another 14(34.1%) of respondents had working experience in their current position for a period between 2-5 years and another 13(31.7%) of respondents had been in their current position for a period of between 6-10 years. Finally, 6(14.6%) of respondents had worked in their current position for a period of more than 10 years.

Majority of the respondents have been in their current position for an appreciable number of years between 2-10 years. This implies that the researcher obtained responses from respondents who are well informed in their current position and as such, could supply relevant responses that would help in the study. Also, highest percentage of the respondents (39.0%) had been working in their current organization for a period of 6-10 years. This meant that since the aim of the researcher was to acquire important and relevant information concerning the organization’s procurement and the subsequent performance of the organization in relation to their procurement

procedure, the respondents were fit for the survey as most of them had been in the organization for good number of years as shown in the table 4.3.

#### 4.2.3 Job Functions

The study sought to investigate the job functions which the employees carried out in their organization. The outcomes are presented in table 4.4

**Table 4.4 Job Functions**

Function	Frequency	Percentage
Finance	10	24.4
Production/operation management	14	34.1
Logistic/transportation/distribution	13	31.7
Supply/purchasing/procurement	15	36.6
Information technology	6	14.6
Sales/marketing	18	43.9
Engineering/product development	6	14.6
Other	1	2.4

From table 4.4, it was gathered that 10(24.4%) of the respondents were performing finance functions, 14(34.1%) were carrying out the function of production/operation management, 13(31.7%) carried out the function of logistic/transportation/distribution, 15(36.6%) carried out the function of supply/purchasing/procurement, 6(14.6%) carried out the function of information technology, 18(43.9%) carried out the function of sales/marketing, 6(14.6%) carried out engineering/product development function, and 1(2.4%) carried out other functions.

This implies that majority of the employees at the organization in the survey carried out functions that were necessary in procurement and therefore would provide sufficient data on the impact procurement procedure on the financial performance of the organization.

### 4.3 GENERAL INFORMATION

This section presents data on general information on the quality of the procurement procedure; the significant effects of the procurement procedure on the organization’s financial performance; and the extent of the effects on financial performance of the organization.

**Table 4.5 General Information**

		Very good	Good	Fair	Poor	Very poor	I don't know	Total
Rate the Procurement procedure of the organization in your own view	Frequency	27	10	4	0	0	0	41
	Percentage %	65.9	24.4	9.8	0	0	0	100

From the findings, 27(65.9%) of the respondents indicated that in their own view, the procurement procedure of the organization has been very good. 10(24.4%) showed that it was good while 4(9.8%) stated that the procurement procedure has just been fair as shown in table 4.5. Based on the findings from the employees, it is clear that the organization has been carrying out a very good procurement procedure.

**Table 4.6a General Information**

		Yes	No	Not sure	I don't Know	Total
In your view has the organization's procurement procedure had significant effects on the organization's financial performance?	Frequency	35	0	5	1	41
	Percentage %	85.4	0	12.2	2.4	100

From table 4.6a, majority of the respondents, 35(85.4%) agreed the organization's procurement procedure has had significant effects on the organization's financial performance. 5(12.2%) of the respondents were not sure while 1(2.4%) respondent did not know whether the organization's procurement procedure has had significant effects on the financial performance of the organization. From the findings it is clear that the procurement procedure has significant effects on the financial performance of the organization.

**Table 4.6b Extent of the effects in table 4.6a**

		No extent	Low extent	Moderate extent	Great extent	Very great extent	Total
If yes, to what extent?	Frequency	2	1	8	12	12	35
	Percentage(%)	5.1	2.6	23.1	35.9	33.3	100

Table 4.6b shows the findings as to what extent the 35(85%) of the respondents in table 4.6a who agreed that the procurement procedure of the sampled organization has had significant effects on the organization's financial performance, believed the procurement procedure has affected financial performance. From the findings, 2(5.1%)

of the respondents indicated that the effect is to no extent, 1(2.6%) indicated low extent. 8(23.1%) of the respondents indicated moderate extent while 12(35.9%) indicated great extent. Further, 12(35.9%) indicated very great extent. The findings show that the procurement procedure of the organization has high positive effect on the financial performance of the organization.

#### 4.4 SECTION B: EFFECTS OF PROCUREMENT PROCEDURES ON THE FINANCIAL PERFORMANCE OF THE COMPANY

##### 4.4.1 PROFESSIONALISM

The study in this section sought to establish the effect of professionalism in implementation of procurement procedures on the financial performance of Fratelli Vanni Calzaturificio Footwear Company, Italy.

**Table 4.7 Professionalism in implementing procurement procedures**

		No effect	Low extent	Moderate extent	Great extent	Very great extent	Total
To what extent does the need for professionalism in implementing procurement procedures affect the financial performance of the company?	Frequency	1	1	9	12	18	41
	Percentage (%)	2.4	2.4	22	29.3	43.9	100

Table 4.7 shows the extent at which the employees believed that need for professionalism in implementing procurement procedures affected the financial

performance of the company. From the findings, 1(2.4%) of the respondents believed that need for professionalism in the procurement procedures has no effect on the financial performance of the company while 1(2.4%) believed that it has effect to low extent. 9(22%) indicated that the effect is moderate while 12(29.3%) indicated that the effect is great. Further, 18(43.9%) indicated that the effect is to a very great extent. The findings show that majority of the respondents believed that professionalism in the procurement procedure of the organization is a great determinant of the financial performance of the organization.

#### 4.4.1.1 Effects of professionalism in procurement procedures on the financial performance

Using a scale of 1 to 5 where 1 is **strongly disagreed**, 2 is **disagreed**, 3 is **neutral**, 4 is **agreed** and 5 is **strongly agreed**, the study sought to examine the how professionalism in the implementation of procurement procedures affects financial performance. The findings are shown in table 4.8 below.

**Table 4.8 Effects of professionalism in procurement procedures on the financial performance**

Effects of professionalism in procurement procedures on the financial performance		1	2	3	4	5	Total
		Improves accountability for procurement decisions	Frequency	0	1	5	13
	Percentage(%)	0	2.4	12.2	31.7	53.7	100
	Frequency	0	0	7	18	16	41

Oversight management over the procuring system	Percentage(%)	0	0	17.1	43.9	39	100
Ensures efficiencies in implementation	Frequency	0	0	6	16	19	41
	Percentage(%)	0	0	14.6	39	46.3	100
Assists capacity building in the user departments	Frequency	1	1	6	14	19	41
	Percentage(%)	2.4	2.4	14.6	34.1	46.3	100
Improves the planning process of the procurement	Frequency	0	1	4	16	20	41
	Percentage(%)	0	2.4	9.8	39	48.8	100
Ensures consistent utilization of the procurement procedures for various purchases	Frequency	0	0	7	17	17	41
	Percentage(%)	0	0	17.1	41.5	41.5	100
Ensures quality assessment of the procurement procedures during implementation	Frequency	0	2	4	15	20	41
	Percentage(%)	0	4.9	9.8	36.6	48.8	100
Reduces costs of implementation of the procurement procedures	Frequency	0	2	5	22	12	41
	Percentage(%)	0	4.9	12.2	53.7	29.3	100
Eliminates problem of capacity to address all types of procurements necessary	Frequency	0	1	8	11	21	41
	Percentage(%)	0	2.4	19.5	26.8	51.2	100
	Frequency	0	0	5	16	20	41

Ensures full compliance with procedural requirements	Percentage(%)	0	0	12.2	39	48.8	100
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From the findings displayed in table 4.8, most of the respondents 22(53.7%) strongly agreed that professionalism in procurement procedures improves financial performance, 13(31.7%) agreed on this view, 5(12.2%) were neutral while 1(2.4%) disagreed. Also a significant majority 16(39%) of the respondents strongly agreed that professionalism enhances oversight management over the procuring system, 18(43.9%) agreed on this statement while 7(17.1%) were neutral on this. The table also indicates that majority of the respondents 19(46.3%) strongly agreed that professionalism ensures efficiencies in implementation, 16(39%) agreed on this statement and 6(14.6%) of the respondents were neutral on this.

Furthermore, 19(46.3%) of the respondents strongly agreed that professionalism in the procurement procedure assists capacity building in the user departments, 14(34.1%) agreed on the statement, 6(14.6%) were neutral on this, 1(2.4%) disagreed while 1(2.4%) strongly disagreed.

On the opinion that professionalism improves the planning process of the procurement, 20(48.8%) of the respondents strongly agreed, 16(39%) agreed, 4(9.8%) were neutral on the opinion, and 1(2.4%) disagreed. Also, 17(41.5%) of the respondents strongly agreed that professionalism in the procurement procedure ensures consistent utilization of the procurement procedures for various purchases, 17(41.5%) agreed while 7(17.1%) were neutral on this.

On the opinion that professionalism ensures quality assessment of the procurement procedures during implementation, 20(48.8%) of the respondents strongly agreed, 15(36.6%) agreed, 4(9.8%) were neutral on the opinion, and 2(4.9%) disagreed. On the statement that professionalism reduces costs of implementation of the procurement procedures, 12(29.3%) of the respondents strongly agreed on the statement, 22(53.7%) agreed, 5(12.2%) were neutral on this while 2(4.9%) disagreed.

Also in the table, most of the respondents 21(51.2%) strongly agreed that professionalism in procurement procedures eliminates problem of capacity to address all types of procurements necessary. 11(26.8%) agreed on this view, 8(19.5%) were neutral while 1(2.4%) disagreed. Lastly on the effect of professionalism on financial performance, 20(48.8%) of the respondents strongly agreed that professionalism ensures full compliance with procedural requirements. Another 16(39%) agreed on this view while 5(12.2%) were neutral on this.

#### 4.4.1.2 Relationship between professionalism and financial performance

The study further sought to establish the relationship between professionalism and the financial performance of the organization. This was done using Pearson correlation statistical analysis. The correlation was measured at 0.01 significant level (2-tailed). The findings are displayed in table 4.9

**Table 4.9 Correlation analysis for professionalism and financial performance**

		Professionalism
	Pearson Correlation	.750**
FinancialPerformance	Sig. (2-tailed)	.000
	N	41

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Pearson's correlation was run using Statistical Package for Social Sciences (SPSS) to determine the relationship between professionalism and financial performance of the organization. The results indicated a positive correlation between professionalism and financial performance of organizations (P=0.000, r=0.750).

From the Analysis report p = 0.000, which is less than 0.01, and from this report, there is a significant correlation between professionalism and the financial performance of the

organization at Fratelli Vanni Calzaturificio Footwear Company, Italy. Therefore, professionalism is associated with high financial performance of the organization.

#### 4.4.2 FINANCIAL MANAGEMENT

The study sought to establish the effect of financial management in implementation of procurement procedures on the financial performance of Fratelli Vanni Calzaturificio Footwear Company, Italy.

**Table 4.10 Financial Management in Implementing Procurement Procedures**

		No effect	Low extent	Moderate extent	Great extent	Very great extent
To what extent does the need for enhanced financial management in the implementation of procurement procedures affect financial performance in your firm?	Frequency	1	1	11	10	18
	Percentage(%)	2.4	2.4	26.8	24.4	43.9

Table 4.10 shows the extent at which the employees believed that need for enhanced financial management in the implementation of procurement procedures affect financial performance in their firm. From the findings, 1(2.4%) of the respondents believed that need for enhanced financial management in the implementation of procurement procedures has no effect on the financial performance of the company, 1(2.4%) believed that it has effect to low extent, 11(26.8%) indicated that the effect is

moderate, 10(24.4%) indicated that the effect is great, while 18(43.9%) indicated that the effect is to a very great extent. The findings showed that majority of the respondents believed that enhanced financial management in the implementation of procurement procedures of the firm determines to a very great extent the financial performance of the firm.

#### 4.4.2.1 Financial management challenges in the implementation of the procurement procedures

Using a scale of 1 to 5 where 1 is **strongly disagreed**, 2 is **disagreed**, 3 is **neutral**, 4 is **agreed** and 5 is **strongly agreed**, the study tried to examine the financial management challenges in the implementation of procurement procedures as it affects financial performance. The findings are presented in table 4.11 below.

**Table 4.11 Financial management challenges in the implementation of the procurement procedures**

<b>Financial management challenges in the implementation of the procurement procedures</b>		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>Total</b>
Financial management system not effective	Frequency	22	4	10	5	0	41
	Percentage(%)	53.7	9.8	24.4	12.4	0	100
Lost opportunities for financial growth due to difficulties in decision making process	Frequency	13	12	9	6	1	41
	Percentage(%)	31.7	29.3	22	14.6	2.4	100
	Frequency	14	11	11	5	0	41

Lack of capacity for budget preparation	Percentage(%)	34.1	26.8	26.8	12.2	0	100
Unstable internal controls resulting to losses of income/asset	Frequency	9	14	12	6	0	41
	Percentage(%)	22	34.1	29.3	14.6	0	100
Inadequate capacity in accounting for income and assets	Frequency	15	12	8	6	0	41
	Percentage(%)	36.6	29.3	19.5	14.6	0	100
Unproductive internal and external oversight mechanisms	Frequency	13	14	8	6	0	41
	Percentage(%)	31.7	34.1	19.5	14.6	0	100
Poor monitoring and reporting arrangements	Frequency	17	7	8	6	3	41
	Percentage(%)	41.5	17.1	19.5	14.6	7.3	100
Poor links to procurement planning, budgets and strategy	Frequency	18	8	8	4	3	41
	Percentage(%)	43.9	19.5	19.5	9.8	7.3	100

From the findings shown in table 4.11, 5(12.4%) of the respondents agreed that the financial management system of the organization is not effective, 10(24.4%) were neutral, 4(9.8%) disagreed while most of them, 22(53.7%) strongly disagreed. Also few 1(2.4%) of the respondents strongly agreed that lost opportunities for financial growth due to difficulties in decision making process is a financial challenge in the organization, 6(14.6%) agreed on this statement, 9(22%) were neutral on this, 12(29.3%) disagreed while majority of them 13(31.7%) strongly disagreed. The table also indicates that only few 5(12.2%) of the respondents agreed that lack of capacity for budget preparation is a financial challenge in procurement procedure, 11(26.8%) were neutral on this statement, 11(6.8%) of the respondents disagreed while most of them 14(34.1) strongly disagreed.

Also, 6(14.6%) of the respondents agreed that unstable internal control is a financial challenge resulting to losses of income/asset, 12(29.3%) were neutral on the statement, majority of them 14(34.1%) disagreed while 9(22%) strongly disagreed.

On the opinion that unproductive internal and external oversight mechanisms is a financial challenge in the implementation of procurement procedures, only 6(14.6%) of the respondents agreed, 8(19.5%) were neutral on the opinion, 14(34.1%) disagreed while 13(31.7%) strongly disagreed. Also, 3(7.3%) of the respondents strongly agreed that poor monitoring and reporting arrangements are financial challenges in the implementation of procurement procedures, 6(14.6%) agreed, 8(19.5%) were neutral on this, 7(17.1%) disagreed while 17(41.5%) strongly disagreed.

On the view that poor links to procurement planning, budgets and strategy is a financial challenge in the implementation of procurement procedures, 3(7.3%) of the respondents strongly agreed, 4(9.8%) agreed, 8(19.5%) were neutral on the opinion, 8(19.5%) disagreed and 18(43.9%) strongly disagreed.

#### 4.4.2.2 Relationship between financial management and financial performance

The study sought to establish the relationship between financial management and the financial performance of the organization. This was also done using Pearson correlation statistical analysis. The correlation was measured at 0.01 significant level (2-tailed). The findings are displayed in table 4.12

**Table 4.12 Correlation analysis for financial management and financial performance**

		FinancialManagement
	Pearson Correlation	.745**
FinancialPerformance	Sig. (2-tailed)	.000
	N	41

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Pearson's correlation was also run using Statistical Package for Social Sciences (SPSS) to determine the relationship between financial management and financial performance of the organization. The results indicated a positive correlation between financial management and financial performance of organizations ( $P=0.000$ ,  $r=0.745$ ).

From the Analysis report  $p=0.000$ , which is less than 0.01, and from this report, there is a significant correlation between financial management and the financial performance of the organization at Fratelli Vanni Calzaturificio Footwear Company, Italy. Therefore, financial management is associated with high financial performance of the organization.

#### 4.4.3 RESPONSE TIME

The study also sought to establish the effect of response time in implementation of procurement procedures on the financial performance of Fratelli Vanni Calzaturificio Footwear Company, Italy.

**Table 4.13 Response Time in Implementing Procurement Procedures**

		No extent	Low extent	Moderate extent	Great extent	Very great extent
To what extent do response time in the implementation of procurement procedures affect financial performance in your firm?	Frequency	0	0	15	10	16
	Percentage(%)	0	0	36.6	24.4	39

From table 4.13, the extent at which the employees believed that response time in the implementation of procurement procedures affect financial performance in their firm is shown. From the findings, 15(36.6%) of the respondents believed that response time in the implementation of procurement procedures has moderate effect on the financial performance, 10(24.4%) believed that it has great effect, while 16(39%) indicated that the effect is to a very great extent. The findings indicated that majority of the respondents believed that response time in the implementation of procurement procedures determines to a very great extent the financial performance of the firm.

#### 4.4.3.1 Effects of response time on financial performance

Using a scale of 1 to 5 where 1 is **strongly disagreed**, 2 is **disagreed**, 3 is **neutral**, 4 is **agreed** and 5 is **strongly agreed**, the study sought to investigate the effects of response time on financial performance. The findings are presented in table 4.14 below.

**Table 4.14 Effects of response time on financial performance**

Effects of response time on the financial performance of your firm		1	2	3	4	5	Total
Increase in procurement costs due to inefficiency in procurement procedures	Frequency	0	2	14	10	15	41
	Percentage(%)	0	4.9	34.1	24.4	36.6	100
Failure to order through approved suppliers due to low response time thus	Frequency	0	3	5	21	12	41
	Percentage(%)	0	7.3	12.2	51.2	29.3	100

increase purchase costs							
Longer cycle times and high opportunity costs and re-order levels	Frequency	0	1	11	15	14	41
	Percentage(%)	0	2.4	26.8	36.6	34.1	100
Ineffectiveness in the procurement system resulting to high error rates	Frequency	2	3	8	19	9	41
	Percentage(%)	4.9	7.3	19.5	46.3	22	100
Lack of ability to negotiate lower prices	Frequency	2	4	11	12	12	41
	Percentage(%)	4.9	9.8	26.8	29.3	29.3	100
Losses due to lost investment opportunities	Frequency	2	3	10	17	9	41
	Percentage(%)	4.9	7.3	24.4	41.5	22	100
Reduced control over the supply chain	Frequency	3	1	14	11	12	41
	Percentage(%)	7.3	2.4	34.1	26.8	29.3	100
Ordering unapproved or nonessential items	Frequency	5	4	7	11	14	41
	Percentage(%)	12.2	9.8	17.1	26.8	34.1	100
Poor compliance with corporate contracts leading to unnecessary administrative costs	Frequency	3	6	9	13	10	41
	Percentage(%)	7.3	14.6	22	31.7	24.4	100

From the findings in table 4.14, majority of the respondents 15(36.6%) strongly agreed on the opinion that low response time increase procurement costs due to inefficiency in procurement procedures, 10(24.4%) agreed, 14(34.1%) were neutral on the opinion, and 2(4.9%) disagreed. Furthermore, 12(29.3%) of the respondents strongly agreed that failure to order through approved suppliers due to low response time increases purchase costs in the procurement procedure, 21(51.2%) agreed, 5(12.2%) were neutral while 3(7.3%) disagreed to this.

On the opinion that low response time leads to longer cycle times and high opportunity costs and re-order levels, 14(34.1%) of the respondents strongly agreed, 15(36.6%) agreed, 11(26.8%) were neutral, while 1(2.4%) disagreed. Also on the view that low response time causes ineffectiveness in the procurement system resulting to high error rates, 9(22%) of the respondents strongly agreed, majority 19(46.3%) agreed, 8(19.5%) were neutral while 3(7.3%) disagreed and 2(4.9%) strongly disagreed.

On the statement that low response time results in lack of ability to negotiate lower prices, 12(29.3%) of the respondents strongly agreed on the statement, 12(29.3%) agreed, 11(26.8%) were neutral on this while 4(9.8%) disagreed and 2(4.9%) strongly disagreed. Also, on the statement that low response time leads to losses due to lost investment opportunities, 9(22%) of the respondents strongly agreed, 17(41.5%) agreed, 10(24.4%) were neutral, 3(7.3%) disagreed and 2(4.9%) strongly disagreed.

Also from the findings, most of the respondents 12(29.3%) strongly agreed that low response time could lead to reduction in control over the supply chain, 11(26.8%) agreed on this view, 14(34.1%) were neutral while 1(2.4%) disagreed and 3(7.3%) strongly disagreed. On the view that low response time could result in ordering unapproved or nonessential items, 14(34.1%) of the respondents strongly agreed, 11(26.8%) agreed, 7(17.1%) were neutral, 4(9.8%) disagreed while 5(12.2%) strongly disagreed. And lastly on the effect of low response time on financial performance, 10(24.4%) of the respondents strongly agreed that low response time leads to poor compliance with corporate contracts leading to unnecessary administrative costs, 13(31.7%) agreed, 9(22%) were neutral on this, 6(14.6%) disagreed while 3(7.3%) strongly disagreed.

#### 4.4.3.2 Relationship between response time and financial performance

The study sought to establish the relationship between financial management and the financial performance of the organization. This was also done using Pearson correlation statistical analysis. The correlation was measured at 0.01 significant level (2-tailed). The findings are displayed in table 4.15

**Table 4.15 Correlation analysis for response time and financial performance**

		ResponseTime
	Pearson Correlation	.733**
FinancialPerformance	Sig. (2-tailed)	.000
	N	41

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Pearson's correlation was also run using Statistical package for Social Sciences (SPSS) to determine the relationship between response time and financial performance of the organization. The results also indicated a positive correlation between response time and financial performance of organizations ( $P=0.000$ ,  $r=0.733$ ).

From the Analysis report  $p=0.000$ , which is less than 0.01, and from this report, there is a significant correlation between response time and the financial performance of the organization at Fratelli Vanni Calzaturificio Footwear Company, Italy. Therefore, response time is associated with financial performance of the organization.

#### 4.5 REGRESSION MODEL

The study sought to determine the relationship between the independent and dependent variables. The findings are represented in Table 4.16. The study used a standard multiple regression analysis to determine the quantitative relationship between each of the independent variables (professionalism, financial management and

response time) and the dependent variable (financial performance). This was expressed using the multiple regression model  $Y = \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \vartheta$ .

**Table 4.16 Regression Analysis**

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.846 <sup>a</sup>	.717	.694	.38555

a. Predictors: (Constant), ResponseRate, FinancialManagement, Professionalism

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	13.902	3	4.634	31.175	.000 <sup>b</sup>
	Residual	5.500	37	.149		
	Total	19.402	40			

a. Dependent Variable: FinancialPerformance

b. Predictors: (Constant), ResponseRate, FinancialManagement, Professionalism

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		

1	(Constant)	.661	.378		1.748	.089
	Professionalism	.220	.102	.291	2.161	.037
	FinancialManag ement	.276	.098	.350	2.814	.008
	ResponseTime	.357	.136	.324	2.631	.012

a. Dependent Variable: FinancialPerformance

The model summary in table 4.16 indicated that about 69.4% of the regression model could be accounted for in the study. Also the regression output in table 4.16 indicated  $F=31.175$ ,  $p=0.000$ . The F-test showed an overall test of significance of the fitted regression model. The F value of 31.175 showed that all the variables in the equation (professionalism, financial management and response time) are important hence the overall regression is significant.

Based on the multiple regression model of;  $Y = \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \Theta$ , table 4.16 can now be translated to;  $Y = 0.291X_1 + 0.350X_2 + 0.324X_3 + 0.378_3$  based on table 4.16 which implies; Organizational performance = 0.291 (professionalism) + 0.350 (financial management) + 0.324 (response time) + 0.378 (Error Margin)

The result in table 4.16 shows that there is a high effect of financial management on financial performance as well as a high effect of response time on financial performance. The study however shows that the effect of professionalism in procurement procedure on financial performance is weak.

#### 4.6 HYPOTHESES TESTING USING THE MULTIPLE REGRESSION MODEL

From the regression model computed in table 4.16, the research hypotheses were tested using the significance level of the coefficients. The research aimed to test the hypotheses with the aim of either accepting or rejecting the relationship between the three measures of procurement procedures (professionalism, financial management

and response time) and the financial performance of organizations. The research hypotheses for the study included;

**4.6.1 HYPOTHESIS H<sub>01</sub>: There is no significant relationship between need for professionalism in procurement procedure and financial performance.**

The regression results in Table 4.16 indicate that need for professionalism in procurement procedure has little direct effect on the financial performance of the organization with a beta coefficient of 0.291 and significance of (p=0.037). The study rejected the hypothesis. These findings imply that adopting professionalism in procurement procedures improves financial performance of organizations. This could be attributed to the fact that professionalism improves accountability for procurement decisions, ensures oversight management over the procuring system, ensures efficiencies in implementation, assists capacity building in the user departments, improves the planning process of the procurement, ensures consistent utilization of the procurement procedures for various purchases, ensures quality assessment of the procurement procedures during implementation, reduces costs of implementation of the procurement procedures, eliminates problem of capacity to address all types of procurements necessary, and ensures full compliance with procedural requirements.

**4.6.2 Hypothesis H<sub>02</sub>: There is a significant relationship between financial management and financial performance of organizations.**

The regression results in Table 4.16 indicate that financial management has direct effect on the financial performance of the organization with a beta coefficient of 0.350 and significance of (p=0.008). The study accepted the hypothesis. These results indicate that good financial management has a great effect in boosting the financial performance of organizations. This could be attributed to effective financial management system, good decision making process, capacity for budget preparation, stable internal controls averting to losses of income/asset, adequate capacity in accounting for income and assets, productive internal and external oversight mechanisms, good monitoring and reporting arrangements, and good links to procurement planning, budgets and strategy

**4.6.3 Hypothesis H<sub>03</sub>: There is no significant relationship between low response time and financial performance of organizations.**

The regression results in Table 4.16 indicate that low response time has a direct negative effect on the financial performance of the organization with a beta coefficient of 0.324 and significance of (p=0.012). The study rejected the hypothesis. These results show that response time really have significant effect on the financial performance of an organization. This could be credited to the fact that low response time leads to some disadvantages to the organization's financial performance such as increasing the procurement costs due to inefficiency in procurement procedures, failure to order through approved suppliers due to low response time, longer cycle times and high opportunity costs and re-order levels, ineffectiveness in the procurement system resulting to high error rates, lack of ability to negotiate lower prices, losses due to lost investment opportunities, reduced control over the supply chain, ordering unapproved or nonessential items, and poor compliance with corporate contracts leading to unnecessary administrative costs.

## CHAPTER FIVE

### 5.0 CONCLUDING THOUGHTS ON THE CONTRIBUTION OF THIS RESEARCH, ITS LIMITATIONS AND SUGGESTIONS FOR FURTHER RESEARCH

#### 5.1 IMPLICATIONS OF FINDINGS FOR THE RESEARCH QUESTIONS

The findings with regard to the effects of procurement procedures on financial performance of organizations indicated that there are significant impacts of professionalism, financial management and response time on the financial performance of organizations. As discussed in the study professionalism, financial management and response time are not the only factors which affect financial performance of organizations but we have others which are not discussed under this study.

From the findings, most of the respondents noted that adopting professionalism in procurement procedures improves financial performance of organizations. This majority noted that professionalism improves accountability for procurement decisions, ensures oversight management over the procuring system, ensures efficiencies in implementation, assists capacity building in the user departments, improves the planning process of the procurement, ensures consistent utilization of the procurement procedures for various purchases, and ensures quality assessment of the procurement procedures during implementation. They further noted that it reduces costs of implementation of the procurement procedures, eliminates problem of capacity to address all types of procurements necessary, and ensures full compliance with procedural requirements. The results established a positive correlation between professionalism and financial performance of organizations. This meant that professionalism in procurement procedure has significant effect on financial performance of the organization.

From the findings concerning the effects of financial management on the financial performance of organizations, majority of the respondents agreed that there is a direct positive effect, this is shown as majority of the respondents noted that good financial management ensures effective financial management system, good decision making process, capacity for budget preparation, stable internal controls averting to losses of

income/asset, adequate capacity in accounting for income and assets, productive internal and external oversight mechanisms, good monitoring and reporting arrangements, and good links to procurement planning, budgets and strategy. The results also established a positive correlation between financial management and financial performance of the organization. This also implied that employing good financial management system in the implementation of procurement procedure has a great effect in boosting the financial performance of organizations.

The findings further indicated that low response time has a direct negative impact on the financial performance of the organization. This was noted where majority of the respondents agreed that low response time leads to negative effects on the organization's financial performance such as increasing the procurement costs due to inefficiency in procurement procedures, failure to order through approved suppliers due to low response time, longer cycle times and high opportunity costs and re-order levels, ineffectiveness in the procurement system resulting to high error rates, lack of ability to negotiate lower prices, losses due to lost investment opportunities, reduced control over the supply chain, ordering unapproved or nonessential items, and poor compliance with corporate contracts leading to unnecessary administrative costs. The correlation indicated a strong relationship between response time and financial performance. This meant that low response time is associated with low financial performance of the organization.

## **5.2 CONTRIBUTIONS AND LIMITATIONS OF THE RESEARCH**

The findings arrived at in this study might be useful to the management of the organization in formulating methods and means of selecting and deploying their employees based on professionalism, measuring the daily activities of the staff in the procurement department and formulating profitable relationship between the organization and its customers.

Also, the findings might serve as guide for the organization in improving its response time to the market, and financial management in the implementation of its procurement procedures.

Finally, the findings of the study might serve as a relevant literature for other future stakeholders and researchers in relations to procurement procedure and financial performance improvement.

Time happened to be the limitation of the study. The final report of the study must be provided within a specified time frame and due to the then global Covid-19 pandemic there was time restriction to gathering additional relevant information by the researcher. This was addressed by the development of a research plan to effectively and optimally manage time allocated to conduct the study and the survey was carried out via online google form to allow respondents supply needed information for the study at their conveniences as they were to work from home as a result of the global pandemic. There was also the issue concerning information dissemination whereby, the target population may be unwilling to release the relevant data regarding their opinion of the procurement procedure issues of their organization. This was addressed by the option of anonymity with regard to the structured questionnaires that were administered to respondents.

### **5.3 RECOMMENDATIONS FOR PRACTICE**

Based on the findings, the following recommendations can be used to enhance financial performance not only at Fratelli Vanni Calzaturificio Footwear Company, Italy but also in other similar organizations.

- i. The study recommends that there is need to consider the level of professionalism of personnel to be involved in implementing procurement procedures which will encourage good procurement policies making, quality financial management, prompt response time and cost effectiveness in organizations in order to enhance financial performance.

- ii. Further the study recommends that procurement procedures should be well planned and implemented in any procurement process to ease the procurement processes and associated costs hence achieve organizational objectives.

#### **5.4 RECOMMENDATIONS FOR FUTURE RESEARCH**

Although the implications of the findings in the study established that procurement procedures have positive effect on organizational financial performance, more elaborate research is necessary to accurately quantify the effects of procurement procedures on financial performance.

In addition, using more footwear industries as case study in the same research topic can also be made of the new research by other scholars in future. A similar study also has to be conducted in other organizational sectors order than footwear industries so as to establish a conclusive picture of the effects of procurement procedures on the financial performance of such organizations. With these considerations, there will be conclusive results on the effect of procurement procedures on organizational financial performance.

#### **5.5 FINAL CONCLUSION AND REFLECTIONS**

The objective of the study was geared towards investigating the effect of procurement procedures on organizational financial performance of footwear industries with reference to Fratelli Vanni Calzaturificio Footwear Company, Italy.

The study established that there is positive correlation between professionalism and financial performance. The study also established positive correlation between financial management and financial performance as well as between response time and financial performance of the organization. This meant that through professionalism, financial management and quick response time, the organization can achieve its objectives which will lead to enhancement of financial performance. Professionalism was found to be crucial in any procurement procedure implementation in an organization. Therefore, it

is very important for organizations to encourage professionalism and quality financial management in procurement of goods and services. They should also avoid low response time in the implementation of the procurement procedures.

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**APPENDIX A**  
**QUESTIONNAIRE**

This questionnaire consists of two parts; kindly answer all the questions by ticking in the appropriate box or filling in the spaces provided.

**SECTION A: DEMOGRAPHICS**

1. What is your current job title?

2. Job description

	<b>Under 2 years</b>	<b>2 – 5 years</b>	<b>6 – 10 years</b>	<b>Over 10 years</b>
For how long have you been in your current position?				
For how long have you been in your current organization?				

In your current job, what function(s) best describe your responsibilities? Check all that apply.

- Finance
- Production/operation management
- Logistic/transportation/distribution
- Supply/purchasing/procurement
- Information technology
- Sales/marketing
- Engineering/product development
- Other(\_\_\_\_\_)

**General Information**

	Very good	Good	Fair	Poor	Very poor	I don't know
Rate the Procurement procedure of the organization in your own view						

	Yes	No	Not sure	I don't Know
In your view has the organization's procurement procedure had significant effects on the organization's financial performance?				

	No extent	Low extent	Moderate extent	Great extent	Very great extent
If yes, to what extent?					

**SECTION B: EFFECTS OF PROCUREMENT PROCEDURES ON THE FINANCIAL PERFORMANCE OF THE COMPANY**

**1. PROFESSIONALISM**

	No effect	Low extent	Moderate extent	Great extent	Very great extent
To what extent does the need for professionalism in implementing procurement procedures affect the financial performance of the company?					

1. Using the following matters as measures, to what extent do you agree that professionalism in the implementation of procurement procedures affect the financial performance of the company.

Use a scale of 1 to 5 where 1 is **strongly disagreed**, 2 is **disagreed**, 3 is **neutral**, 4 is **agreed** and 5 is **strongly agreed**.

<b>Effects of professionalism in procurement procedures on the financial performance</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Improves accountability for procurement decisions					
Oversight management over the procuring system					
Ensures efficiencies in implementation					
Assists capacity building in the user departments					
Improves the planning process of the procurement					
Ensures consistent utilization of the procurement procedures for various purchases					
Ensures quality assessment of the procurement procedures during implementation					
Reduces costs of implementation of the procurement procedures					
Eliminates problem of capacity to address all types of procurements necessary					
Ensures full compliance with procedural requirements					

2. **FINANCIAL MANAGEMENT**

	No effect	Low extent	Moderate extent	Great extent	Very great extent
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To what extent does the need for enhanced financial management in the implementation of procurement procedures affect financial performance in your firm?					
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2. Using the measures below, to what extent do you agree that the organization is facing the following financial management challenges in the implementation of the procurement procedures?

Use a scale of 1 to 5 where 1 is **strongly disagreed**, 2 is **disagreed**, 3 is **neutral**, 4 is **agreed** and 5 is **strongly agreed**.

<b>Financial management challenges in the implementation of the procurement procedures</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Financial management system not effective					
Lost opportunities for financial growth due to difficulties in decision making process					
Lack of capacity for budget preparation					
Unstable internal controls resulting to losses of income/asset					
Inadequate capacity in accounting for income and assets					
Unproductive internal and external oversight mechanisms					
Poor monitoring and reporting arrangements					
Poor links to procurement planning, budgets and strategy					

### 3. RESPONSE RATES

	No extent	Low extent	Moderate extent	Great extent	Very great extent
To what extent do response rates in the implementation of procurement procedures affect financial performance in your firm?					

4. Rate the extent to which you agree that the following are the effects of low response rates on the financial performance of your firm?

Use a scale of 1 to 5 where 1 is **strongly disagreed**, 2 is **disagreed**, 3 is **neutral**, 4 is **agreed** and 5 is **strongly agreed**.

<b>Effects of low response rates on the financial performance of your firm</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Increase in procurement costs due to inefficiency in procurement procedures					
Failure to order through approved suppliers due to low response rates thus increase purchase costs					
Longer cycle times and high opportunity costs and re-order levels					
Ineffectiveness in the procurement system resulting to high error rates					
Lack of ability to negotiate lower prices					
Losses due to lost investment opportunities					
Reduced control over the supply chain					
Ordering unapproved or nonessential items					
Poor compliance with corporate contracts leading to unnecessary administrative costs					