

Stakeholder engagement and public procurement performance of state corporations in Kenya: An empirical analysis

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<https://doi.org/10.51867/ajernet.7.3.21>

ABSTRACT

Public procurement is one of the key tools of public administration that allows the government to render the budget into goods, works, and services for citizens. Kenya has a robust legal and institutional framework to govern public procurement processes. Yet the country's performance in public procurement is repeatedly flagged in audits for shortcomings in ensuring value for money. This study investigated the role of stakeholder engagement in the procurement performance of state corporations in Kenya's public sector. Stakeholder engagement was operationalized based on end-user involvement, internal departmental collaboration, and supplier engagement. A positivist philosophy and descriptive cross-sectional research design were used. The 414 state corporations gazetted under Executive Order No. 1 of 2023 constituted the target population. A sample of 203 heads of procurement was selected using cluster proportionate sampling, distributed across 21 ministries. A structured questionnaire was used to collect data from the head of procurement, with an 82.3 percent response rate, and the data were analyzed using SPSS version 24. A Cronbach's Alpha of .806 was obtained to confirm instrument reliability, and communalities from .570 to .887 were used to determine the instrument's construct validity. Descriptive results showed that stakeholder engagement was generally practiced, with suppliers' involvement in the tender opening process being most widely reported ($M = 4.38$), followed by legal department involvement for guidance ($M = 4.37$), and suppliers' engagement in post-award product inspection being the least reported ($M = 3.70$). The results of the inferential analysis showed that stakeholder engagement had a significant and positive impact on procurement performance ($R^2 = .687$, $F(1,165) = 362.160$, $B = .690$, $\beta = .829$, $p < .001$). As a result, the null hypothesis was rejected. The study found that stakeholder engagement accounts for 68.7 percent of the variation in procurement performance. State corporations need to have formal end-user engagement policies, better interdepartmental coordination, and further engagement with suppliers beyond the award. The Public Procurement Regulatory Authority should include metrics that link to stakeholder engagement within its framework for measuring procurement performance.

Keywords: End User Involvement, Internal Departmental Collaboration, Procurement Performance, Stakeholder Engagement, State Corporations, Supplier Engagement

I. INTRODUCTION

Public procurement is at the very heart of any country's governance. The process through which the government acquires goods, works, and services to fulfill its obligations to citizens is critical to national development, and its importance can hardly be overemphasized. Public procurement accounts for around 13 percent of the Gross Domestic Product (GDP) of Organization for Economic Co-operation and Development (OECD) member countries (OECD, 2023). The percentage is considerably higher in developing economies: according to Waci et al. (2024), public procurement expenditure constitutes between 50 and 70 percent of national budgets in developing countries. At this scale, procurement is not a support function; it is the primary instrument through which state resources are translated into tangible results for citizens, and the efficiency of this translation largely determines the quality of public service delivery.

This imperative is explicitly established in law and policy in Kenya. Public procurement is underpinned by the Public Procurement and Asset Disposal Act (PPADA) of 2015 and Article 227 of the Constitution, which requires that procurement be fair, equitable, transparent, competitive, and cost-effective. In fiscal year 2023–2024, more than 34,000 contracts totaling KES 262.8 billion were reported through the Public Procurement Information Portal (PPRA, 2024). However, the performance of this system remains a persistent concern. Kenya was ranked 121st out of 180 countries in the 2024 Corruption Perceptions Index (Transparency International, 2024), and the PPRA's (2024) Methodology for Assessing Procurement Systems (MAPS) evaluation found that practitioners consistently prioritized procedural compliance over procurement outcomes, contributing to value-for-money gaps at the entity level. The Office of the

Auditor General (2024) further documented recurring deficiencies in state-entity procurement, including payments for goods not received, stalled projects, and above-market procurement prices, thereby providing direct evidence of a disconnect between policy intent and practice-level outcomes.

At the center of this challenge are Kenya's 414 state corporations, gazetted under Executive Order No. 1 of 2023. Waci et al. (2024) found that procurement practices significantly affect value-for-money outcomes across 87 state corporations. Obura et al. (2023) found that the tender evaluation process was a significant determinant of operational performance in service state corporations. More recently, Merisalo et al. (2024) provided evidence that stakeholder engagement was a key success factor for project implementation among commercial state corporations in Kenya. Collectively, these findings establish a basis for investigating stakeholder engagement as a practice-level driver of procurement performance in state corporations.

Stakeholder engagement in public procurement refers to the structured and deliberate involvement of parties whose contributions are necessary for effective procurement outcomes. This study examines three distinct dimensions: end-user, interdepartmental, and supplier engagement. The theoretical underpinning of this study is the instrumental dimension of Freeman's (1984) Stakeholder Theory, which holds that organizations achieve superior performance when they systematically identify and respond to the legitimate interests of all parties who influence or are affected by organizational outcomes. Applied to procurement, this dimension predicts that procurement entities that effectively engage end users, internal departments, and suppliers will generate measurably better procurement outcomes than those that do not.

This prediction has received empirical support. Uddin et al. (2023) confirmed through a data-driven network analysis that stakeholder engagement significantly shapes project outcomes in both public and private contexts. Musyoka et al. (2025) found that supplier development positively influenced the performance of the procurement function in Kenyan public universities. Gomes et al. (2024), in a bibliometric study in *Public Management Review*, explicitly called for the application of stakeholder theory to explain performance determinants in public organizations.

Nevertheless, no single empirical study has examined end-user involvement, internal departmental collaboration, and supplier engagement simultaneously as measurable, operationally distinct indicators of stakeholder engagement predicting procurement performance in Kenyan state corporations. This gap motivates the present study. Drawing on a cross-sectional survey of 203 procurement heads across state corporations, this study provides empirical evidence on the role of stakeholder engagement in shaping public procurement performance. It offers a basis for evidence-informed policy and managerial action.

1.1 Research Objectives

- i. To determine the effect of end-user involvement on the public procurement performance of state corporations in Kenya.
- ii. To assess the effect of internal departmental collaboration on the public procurement performance of state corporations in Kenya.
- iii. To evaluate the effect of supplier engagement on the public procurement performance of state corporations in Kenya.

1.2 Research Hypothesis

H_0 : Stakeholder engagement does not significantly influence public procurement performance of state corporations in Kenya.

H_1 : Stakeholder engagement significantly influences public procurement performance of state corporations in Kenya.

Decision rule: Reject H_0 where $p < .05$.

II. LITERATURE REVIEW

2.1 Theoretical Review

Freeman's (1984) stakeholder theory provides the theoretical foundation for this study by defining stakeholders' roles and interests in an organizational context. Freeman viewed stakeholders as any group or individual who can affect or is affected by the achievement of the organization's objectives and held that the organization's sustainable performance relies on understanding the legitimate needs of all the parties involved. This instrumental dimension suggests a relationship between an organization's focus on stakeholder involvement and its performance outcomes. Specifically, the instrumental dimension suggests that if an organization involves its stakeholders, it will achieve more successful results than one that does not. In other words, the instrumental dimension is the most relevant dimension for a type of empirical study such as this one (Freeman, 1984). This theory has gained increasing academic interest as an influence on performance in public administration.

Furthermore, Gomes et al. (2024) conducted a bibliometric analysis in the *Public Management Review*, which highlighted that the main strands through which stakeholder salience has been explored in public administration

scholarship are collaborative governance and performance determination. In the public-sector context, Sarturi et al. (2023), in a bibliometric analysis of the Review of Policy Research, found that the two dimensions of stakeholder theory (performance and public value) have received little attention in this field, creating a gap that this study aims to address.

The theory's instrumental aspect suggests a testable hypothesis that, if procurement actors (end users, departments, and suppliers) are systematically involved, the results would be better service, value for money, and quality assurance. The conceptual framework and hypotheses of this study are equally based on the prediction that when stakeholders are considered part of public procurement, state corporations will deliver quality goods and high service levels for Kenyan citizens.

2.2 Empirical Review

2.2.1 End User Involvement and Procurement Performance

End-user involvement refers to the structured participation of service recipients in identifying procurement needs, developing specifications, and re-evaluating procurement requirements. When end users are systematically engaged in the early stages of the procurement cycle, procured outputs are more likely to align with operational needs, thereby reducing waste, rework, and procurement failures. Torvinen and Haukipuro (2018) demonstrated, in a Finnish public procurement case study, that end-user involvement in needs specification significantly improved the fitness of procured outputs for their intended purpose, with user-engaged procurement processes yielding outcomes more closely aligned with requirements. Merisalo et al. (2024) established that public procurement generates its greatest value when it is anchored to the specific problems and needs faced by end users, affirming the criticality of this engagement dimension across procurement systems. Merisalo et al. (2024) found that value for money remains the dominant criterion in public procurement efficiency studies globally, underscoring the importance of outcome-oriented engagement practices.

2.2.2 Internal Departmental Collaboration and Procurement Performance

Effective procurement in public organizations is not an isolated function; it depends on structured coordination with other internal departments whose roles directly enable or constrain its performance. In this study, three departments carry particular significance. The finance department is central to procurement budgeting and prompt supplier payment, both of which directly affect the procurement unit's ability to execute its mandate. Prasetyo and Isnawati (2025) found that cross-functional coordination between finance and procurement significantly influenced the effectiveness of procurement budgets in public sector entities, affirming the role of financial collaboration in procurement performance. The human resources department determines the quality and availability of professional personnel within the procurement function. Changalima and Mdee (2023) established that professional competency developed through the HR function has both direct and indirect positive effects on procurement performance, with planning capability serving as a critical mediating mechanism. The legal department provides essential guidance on the interpretation and application of the statutory procurement framework, a function particularly critical in Kenya, given the detailed requirements of the PPADA, 2015. Uddin et al. (2023) found that internal stakeholder network density was positively associated with project performance in public-sector contexts, while Obura et al. (2023) confirmed that coordinated internal engagement supported transparency and the alignment of expectations in Kenyan state corporations.

2.2.3 Supplier Engagement and Procurement Performance

Supplier engagement in public procurement extends beyond the transactional point of contract award to encompass the structured involvement of suppliers in tender opening, contract negotiation, and product inspection and re-evaluation. This broader form of engagement allows procuring entities to leverage supplier knowledge and capabilities at multiple stages of the procurement cycle, contributing to improved cost outcomes, lead times, and quality assurance. Changalima et al. (2023), in a cross-sectional study of 179 Tanzanian public procurement organizations, found that supplier monitoring was positively and significantly associated with procurement performance in cost reduction, lead times, and buyer satisfaction, confirming that structured post-award engagement translates into measurable performance gains.

2.3 Research Gap

The literature confirms that each dimension of stakeholder engagement—end-user involvement, internal departmental collaboration, and supplier engagement—is individually supported as a determinant of procurement performance. However, no single empirical study has examined these three dimensions simultaneously as a unified construct predicting procurement performance in Kenyan state corporations. Existing studies have mostly focused on compliance, planning, e-procurement, and contract management, with limited attention to stakeholder engagement as an explanatory variable (Waci et al., 2024; Obura et al., 2023). This absence of an integrated empirical account limits procurement managers' and policymakers' ability to design targeted, evidence-based stakeholder engagement strategies.

The present study addresses this gap by providing empirical evidence on the combined role of all three dimensions in shaping procurement performance across a representative sample of Kenyan state corporations.

III. METHODOLOGY

3.1 Research Philosophy and Design

The study was based on a positivist research philosophy that views knowledge as arising from observable, measurable and empirically verifiable phenomena (Maksimovic & Evtimov, 2023). The characteristics of positivism are that it is objective, quantitative, and tests hypotheses (Ali, 2024; Mahardini et al., 2024). The study employed structured questionnaires, statistical analysis, and inferential methods to determine the relationship between stakeholder engagement and procurement performance, consistent with this philosophy. A descriptive cross-sectional research design was used, allowing assessment of several variables across a geographically dispersed sample of respondents at a single point in time, without manipulating conditions (Siedlecki, 2020). This was a suitable design, as the study aimed to describe the current state of stakeholder engagement and procurement performance in Kenyan state corporations and to set out the relationship between the two.

3.2 Study Area

The study was carried out in Kenya, but with a particular focus on state corporations operating under the national government. Public procurement in the country is governed by the Public Procurement and Asset Disposal Act (PPADA) 2015 and Article 227 of the Constitution, which mandate that procurement be fair, equitable, transparent, competitive and cost-effective. It was noted that over 34,000 contracts worth KES 262.8 billion were reported on the Public Procurement Information Portal (PPRA, 2024) in fiscal year 2023–2024. However, the efficiency of the procurement system remains an issue, and the PPRA's (2024) Methodology for Assessing Procurement Systems (MAPS) found that procurement practitioners routinely prioritised procedural compliance over procurement outcomes.

This study was based on the 414 state corporations gazetted under Executive Order No. 1 of 2023 and categorized across 21 government ministries. Together, these corporations are responsible for a significant portion of public expenditure and service delivery in Kenya and are therefore an appropriate and policy-relevant unit of investigation for such a study.

3.3 Target Population

The target population included 414 state corporations gazetted under Executive Order No. 1 of 2023 in 21 government ministries. The unit of observation was the head of procurement in each corporation, as they have direct and extensive knowledge of the corporation's procurement practices and outcomes (Ragab & Arisha, 2018). Heads of procurement were, therefore, the most appropriate respondents for a study of the determinants of procurement practice.

3.4 Sampling and Sample Size

The sample size was determined using Yamane's (1967) simplified formula for finite populations:

$$n = N / (1 + Ne^2) = 414 / (1 + 414(0.05)^2) = 203.$$

A cluster proportionate sampling technique was then applied to distribute the 203 respondents across the 21 ministry clusters in proportion to each cluster's share of the total population (Taherdoost, 2016; Battaglia et al., 2016).

This technique ensured that all ministry clusters were represented in the sample and that the distribution reflected the national structure of state corporations. Table 1 presents the full sample distribution.

Table 1

Sample Distribution by Ministry Cluster

Ministry/Cluster	Pop.	Formula (203/414×N)	Sample	Resp.
Ministry of Interior and Nat. Administration	21	203/414×21	10	0
Ministry of Defense	7	203/414×7	3	0
National Treasury and Economic Planning	49	203/414×49	24	21
Ministry of Foreign and Diaspora Affairs	2	203/414×2	1	1
Ministry of Public Service, Gender & Affirmative Action	8	203/414×8	4	3
Ministry of Roads and Transport	21	203/414×21	10	8
Ministry of Lands, Public Works, Housing & Urban Dev.	14	203/414×14	7	6
Ministry of Information, Communication & Digital Economy	17	203/414×17	8	6
Ministry of Health	34	203/414×34	17	16
Ministry of Education	63	203/414×63	30	28
Ministry of Agriculture and Livestock Development	23	203/414×23	12	11
Ministry of Investments, Trade and Industry	21	203/414×21	10	9
Ministry of Co-operatives and MSME Development	9	203/414×9	5	4

Ministry of Youth Affairs, Sports and The Arts	17	203/414×17	8	7
Ministry of Environment, Climate Change and Forestry	9	203/414×9	5	4
Ministry of Tourism, Wildlife and Heritage	23	203/414×23	12	11
Ministry of Water, Sanitation and Irrigation	19	203/414×19	9	8
Ministry of Energy and Petroleum	11	203/414×11	5	4
Ministry of Labour and Social Protection	12	203/414×12	6	5
Ministry of EAC, ASALs and Regional Development	22	203/414×22	11	10
Ministry of Mining, Blue Economy and Maritime Affairs	12	203/414×12	6	5
TOTAL	414	—	203	167

Source: Government of Kenya Gazette Notice (2023)

3.5 Data Collection Instruments and Procedures

Primary data were collected using a structured, self-administered questionnaire anchored on a five-point Likert scale, ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). The questionnaire was organized around the study's two main variables: stakeholder engagement as the independent variable, and the performance of state corporations as the dependent variable. Table 2 presents the variable operationalization.

Table 2

Variable Operationalization

Variable	Type	Indicators	Scale
Stakeholders' Engagement	Independent	End User Involvement Internal Departmental Collaboration Supplier Engagement	5-pt Likert (Ordinal)
Performance of State Corporations	Dependent	Service Delivery Value for Money Quality Assurance	5-pt Likert (Ordinal)

Prior to the main study, a pilot test was conducted, entailing 24 state corporations. This was approximately 12 percent of the target sample size, which meets the empirical recommendation of at least 10 percent (Lackey & Wingate, 2021). All corporations selected for the pilot were excluded from the main study to prevent data contamination. Pilot respondents provided feedback to improve the wording and sequencing of the questionnaire items. The reliability of the instrument was assessed using Cronbach's alpha, with a lower limit of .70 (Amirrudin et al., 2021). In the pilot, the instrument's internal consistency (Alpha) was .763, which is considered acceptable. Construct validity was assessed through Principal Component Analysis with Varimax rotation; communalities for Stakeholders' Engagement items ranged from .570 to .887, all exceeding the minimum threshold of .50 recommended by Hair et al. (2019).

The questionnaires for the main study were dropped off and picked up by the researcher with the help of five trained research assistants, thereby facilitating respondent convenience. Of the 203 questionnaires sent, 167 were completed and returned, yielding an overall response rate of 82.3 percent, exceeding the 60 percent considered acceptable in survey research (Sataloff & Vontela, 2021; Mugenda & Mugenda, 2003).

3.6 Data Analysis

The data were analyzed in SPSS, Version 24, in three stages. In the first stage, descriptive statistics, such as means and standard deviations, were computed for all study variables. The second stage involved diagnostic tests, used to test the assumptions necessary for ordinary least squares regression. The normality test (Kolmogorov-Smirnov test and Shapiro-Wilk test), linearity test (ANOVA linearity test), multicollinearity test (VIF and Tolerance statistics), homoscedasticity test (standardized residual scatter plot), and autocorrelation test (Durbin-Watson statistic) were conducted. In the third stage, Pearson correlation and simple linear regression were used to test the research hypothesis. A regression model was used:

$$Y = \beta_0 + \beta_1 X_1 + e$$

Where Y is the dependent variable (performance of state corporations), β_0 is the constant, β_1 is the regression coefficient for Stakeholders' Engagement (X_1), and e is the error term. The null hypothesis was rejected, where $p < .05$.

3.7 Ethical Considerations

Several ethical precautions were noted during this study. All respondents gave informed consent before data collection. All responses were anonymous and confidential; participants were informed that their responses would be used only for academic purposes. The questionnaires contained no personally identifying data, thereby ensuring the anonymity of individual respondents and organizations. The researcher ensured that all data were stored securely and accessed only by members of the research team. The respondents were also informed that they could abandon the questionnaire at any time without penalty. The researcher also obtained a data collection license from the National

Commission for Science, Technology & Innovation (NACOSTI) (License No.). NACOSTI/P/24/37454, before commencing data collection.

IV. FINDINGS & DISCUSSION

4.1 Response Rate and Instrument Validation

Of the 203 questionnaires distributed, 167 were completed and returned, giving a response rate of 82.3 percent, which exceeds the 60 percent threshold widely regarded as sufficient for drawing reliable conclusions from survey research (Sataloff & Vontela, 2021). Cronbach's Alpha for the Stakeholders' Engagement scale stood at .806 in the main study, surpassing the minimum acceptable threshold of .70 (Amirrudin et al., 2021), and item-total correlations ranged from .105 to .747, as shown in Table 3.

Table 3

Item-Total Statistics for Stakeholders' Engagement ($\alpha = .806$)

Item	Item-Total Corr.	α if Deleted
Involvement of end users in needs identification and specification	.708	.761
User engagement in internal operating policies	.705	.762
End user engagement in re-evaluation of procurement needs	.544	.786
Finance department liaison with procurement for budgeting and supplier payment	.231	.816
HR department supports procurement with competent professionals	.656	.770
Legal department guidance on procurement law matters	.747	.754
Suppliers' involvement in tender opening	.105	.835
Suppliers' involvement in contract negotiation	.470	.794
Suppliers' engagement in product inspection and re-evaluation	.470	.792
Overall Cronbach's Alpha = .806 (N of Items = 9)		

All nine items were retained because the overall alpha was held above .70 regardless of which item was removed. The lowest item-total correlation (.105) belonged to supplier involvement in tender opening; however, its exclusion would have undermined the construct's coverage of supplier engagement without any compensating gain in scale reliability, making retention the defensible methodological choice. Construct validity was confirmed through Principal Component Analysis: communalities for all nine items ranged from .570 to .887, each exceeding the minimum of .50 recommended by Hair et al. (2019), as presented in Table 4.

Table 4

Communalities for Stakeholders' Engagement Items

Item	Initial	Extraction
Involvement of end users in needs identification and specification	1.000	.801
User engagement in internal operating policies	1.000	.686
End user engagement in re-evaluation of procurement needs	1.000	.887
Finance department liaison with procurement for budgeting and supplier payment	1.000	.880
HR department supports procurement with competent professionals	1.000	.798
Legal department guidance on procurement law matters	1.000	.789
Suppliers' involvement in tender opening	1.000	.697
Suppliers' involvement in contract negotiation	1.000	.875
Suppliers' engagement in product inspection and re-evaluation	1.000	.570

Extraction Method: Principal Component Analysis.

4.2 Descriptive Statistics

Table 5 reports the means and standard deviations for all nine items organized across the three dimensions of stakeholder engagement. The discussion that follows addresses each dimension in relation to the corresponding study objective and to the procurement performance indicators: service delivery, value for money, and quality assurance, which form the dependent variable.

Table 5*Descriptive Statistics for Stakeholders' Engagement (N = 167)*

Item	N	Mean	SD
Involvement of end users in needs identification and specification	167	4.24	.670
User engagement in internal operating policies	167	4.25	.663
End user engagement in re-evaluation of procurement needs	167	4.36	.946
Finance department liaison with procurement for budgeting and supplier payment	167	4.32	.582
HR department supports procurement with competent professionals	167	4.01	.616
Legal department guidance on procurement law matters	167	4.37	.697
Suppliers' involvement in tender opening	167	4.38	.700
Suppliers' involvement in contract negotiation	167	4.31	.464
Suppliers' engagement in product inspection and re-evaluation	167	3.70	.772

Scale: 1 = Strongly Disagree; 5 = Strongly Agree.

4.2.1 End-User Involvement

All three indicators of end-user involvement were returned with mean scores above 4.00, suggesting that this practice is well developed across the state corporations surveyed. Within the dimension, end-user involvement in re-evaluating procurement needs had the highest mean ($M = 4.36$, $SD = .946$), indicating that corporations evaluate their needs and specifications after the initial procurement, which can minimize end-user mismatches between what they order and what they actually need. User engagement with internal operating policies was similar ($M = 4.25$, $SD = .663$). The end-user involvement in needs identification and specification had the lowest mean ($M = 4.24$, $SD = .670$) in this dimension.

While the gap between these scores is quite small, this result is important because needs identification is the first and most impactful phase of procurement, and any weakness in this phase has a direct knock-on effect on the rest of the procurement cycle and on value-for-money outcomes. If the specifications do not reflect what end users require, the goods/services eventually procured will not meet operational requirements, irrespective of the level of skill in subsequent stages of tendering and contracting. Consistent with findings from other researchers, Obura et al. (2023) found in Kenyan state corporations that structured stakeholder engagement led to transparency and consensus on expectations during procurement processes, and this holds for the pre-award specification stage studied here.

4.2.2 Internal Departmental Collaboration

Within this dimension, the legal department's guidance role achieved the highest mean ($M = 4.37$, $SD = .697$), reflecting the regulatory environment in which Kenyan state corporations operate. The PPADA (2015) is a comprehensive statute, and procurement units that receive sustained legal guidance are better positioned to make award decisions that withstand legal challenges, thereby ensuring value-for-money outcomes. The Finance department's liaison with the procurement unit for budgeting and supplier payment scored very well ($M = 4.32$, $SD = .582$), and the narrow SD indicates that this is a consistent practice rather than a situational one. Acknowledging and providing timely, reliable payment to suppliers reduces contract performance risk and directly improves quality assurance. The patterns were supported by empirical evidence from Uddin et al. (2023), who, based on a network analysis, found that the density of internal stakeholders is significantly and positively correlated with project outcomes in public sector organizations.

Within this dimension, the mean is lowest for the HR department's role of providing the procurement unit with professionally competent staff ($M = 4.01$, $SD = .616$). This relative underperformance is still above the scale midpoint; however, it is operationally significant. In their study, Changelima and Mdee (2023) found that HR-driven professional competency directly positively influences procurement performance and indirectly influences it through planning capability. Having procurement officers who are not specialists in the field is less likely to help them set up tender procedures, critically review tenders, and ensure that tenders are completed to achieve service delivery and quality assurance objectives. This gap, therefore, extends beyond the HR function to affect the dependent variable, procurement performance.

4.2.3 Supplier Engagement

The item on supplier involvement in tender opening had the highest mean across all nine items ($M = 4.38$, $SD = .700$), indicating that supplier involvement in tender opening is formalised in accordance with the PPADA (2015). Also, contracting-related supplier involvement was reported strongly ($M = 4.31$, $SD = .464$), indicating a high level of consensus; it seems to be a well-institutionalized norm rather than a discretionary practice. The high supplier engagement scores pre-award are well understood in the context of the positive and significant relationship between structured supplier engagement and the outcomes of cost, lead time and buyer satisfaction, as reported by Changelima et al. (2023) in their study of 179 public procurement organizations in Tanzania.

The most important result in the descriptive analysis is the relatively low mean for suppliers' post-award product inspection and re-evaluation ($M = 3.70$, $SD = .772$). The only result on the entire scale lower than 4.00 is this, and the high standard deviation indicates that there are important differences in practice across corporations. It is at the post-award inspection stage that claims regarding quality assurance and value for money are finally confirmed, and procured goods are compared with the contract specifications, with any shortcomings corrected before acceptance. When this engagement does not happen, or it is of poor quality, a substandard product might be accepted without correction and deviations in performance will not be noticed, which is exactly the kind of audit results the Office of the Auditor General (2024) has reported, such as payment for substandard products and above-market prices accepted without contest. Moreover, the importance of supplier development practices, such as structured post-award engagement, was also found to have a significant impact on the performance of the procurement functions in Kenyan public universities (Musyoka et al., 2025), thereby supporting the finding in this study that the pattern is not restricted to the state corporation sector.

4.3 Diagnostic Tests

The Performance Score was significant in both the Kolmogorov-Smirnov test (.000) and the Shapiro-Wilk test (.000) (Table 6). The results do not negate the distributional assumption of regression. Field (2018) warns that for samples larger than 50 respondents, both tests are easily affected by small deviations from a perfect normal distribution and tend to yield significant results, regardless of the actual distribution shape. The central limit theorem guarantees the approximate normality of the sampling distribution of the mean, and ordinary least squares estimation is still valid for $N = 167$ (Borgatta & Jackson, 1981).

Table 6

Tests of Normality for Performance Score

Variable	K-S Stat.	K-S df	K-S Sig.	S-W Stat.	S-W df	S-W Sig.
Performance Score	.204	167	.000	.892	167	.000

a. Lilliefors Significance Correction.

Table 7 represents the ANOVA linearity test. The Linearity row returned $F = 365.508$, confirming a significant linear component in the relationship between stakeholder engagement and procurement performance (Hair et al., 2019). The Deviation from Linearity row was not significant ($p = .322$), indicating that there was no significant non-linear pattern. Multicollinearity diagnostics yielded Tolerance = .348 and VIF = 2.874, both of which are acceptable (Tolerance > .20, VIF < 5). The Durbin-Watson statistic was 2.005, which fell within the typical range of 1.5-2.5, indicating no evidence of autocorrelation in the residuals (Field, 2018). The results of these diagnostics confirm that the simple linear regression was the proper inferential model to use (Borgatta & Jackson, 1981).

Table 7

ANOVA Table for Linearity Test (Performance Score $\times$ SE Score)

Source	Sum of Sq.	df	Mean Sq.	F	Sig.
Between Groups (Combined)	24.507	11	2.228	34.277	.000
Linearity	23.758	1	23.758	365.508	.000
Deviation from Linearity	.749	10	.075	1.152	.322
Within Groups	10.075	155	.065	—	—
Total	34.582	166	—	—	—

4.4 Pearson Correlation

Table 8 reports the bivariate relationship between Stakeholders' Engagement and the Performance of State Corporations.

Table 8

Pearson Correlation Results

Variable	Stakeholders' Engagement	Performance Score	Sig. (2-tailed)
Stakeholders' Engagement	1.000	.829	.000
Performance of State Corporations	.829	1.000	.000
N	167	167	—

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

The analysis produced a strong positive correlation between the two variables ($r = .829$, $p < .001$). A coefficient of this magnitude indicates that variation in stakeholder engagement — spanning end-user involvement, internal departmental collaboration, and supplier engagement — is closely and consistently associated with variation in procurement performance across the three dependent-variable indicators: service delivery, value for money, and quality

assurance. This result provided the preliminary empirical basis for proceeding to regression analysis to estimate the precise predictive relationship.

4.5 Regression Analysis and Hypothesis Testing

Tables 9, 10, and 11 present the model summary, ANOVA, and regression coefficients from the simple linear regression of procurement performance on stakeholder engagement.

Table 9

Model Summary

Model	R	R ²	Adj. R ²	Std. Error	F	Durbin-Watson
1	.829	.687	.685	.25600	362.160	2.005

a. Predictors: (Constant), SE Score. b. Dependent Variable: Performance Score.

Table 10

ANOVA

Model	Sum of Sq.	df	Mean Sq.	F	Sig.
Regression	23.758	1	23.758	362.160	.000
Residual	10.824	165	.066	—	—
Total	34.582	166	—	—	—

a. Dependent Variable: Performance Score. b. Predictors: (Constant), SE Score.

Table 11

Regression Coefficients

Model	B	SE	β	t	Sig.	Tol.	VIF
(Constant)	3.944	.362	—	10.903	.000	—	—
SE Score	.690	.036	.829	19.031	.000	.348	2.874

a. Dependent Variable: Performance Score.

The model produced $R = .829$ and $R^2 = .687$, indicating that stakeholder engagement accounts for 68.7 percent of the variance in the procurement performance of state corporations in Kenya. The Adjusted R^2 of .685 indicates that this explanatory power remains after accounting for model complexity. The ANOVA returned $F(1,165) = 362.160$, $p < .001$, establishing that the regression model as a whole is statistically significant. The regression coefficient for stakeholder engagement was $B = .690$ ($SE = .036$, $\beta = .829$, $t = 19.031$, $p < .001$), indicating that a one-unit rise in the composite stakeholder engagement score is associated with a .690-unit improvement in procurement performance, all else held constant. The standardized coefficient ($\beta = .829$) denotes a large effect size. The regression equation is expressed as:

$$Y = 3.944 + 0.690 (\text{Stakeholders' Engagement}) + e$$

Based on this evidence, the null hypothesis, which suggested that stakeholder engagement has no significant impact on the procurement performance of state corporations in Kenya, was rejected at $p < .001$, below the .05 threshold. All three goals of this study were met with these findings. As regards Objective 1, end-user involvement, although widely used, is relatively weak at the needs identification stage ($M = 4.24$), where the quality of the specification is determined, and where gaps have the greatest impact on service delivery outcomes. In relation to Objective 2, the collaboration between departments is greatest within the legal and finance functions but relatively limited in HR-driven capacity development, with a mean of 4.01. Changelima and Mdee (2023) established that procurement planning capability mediates the relationship between HR-driven professional competency and procurement performance, meaning this gap has indirect consequences for value-for-money outcomes.

Specific to Objective 3, the post-award supplier engagement deficit ($M = 3.70$) is the most practically consequential gap in the data set, insofar as it relates to the outcomes of quality assurance and value-for-money: outcomes are realized or missed at this point, and the structural lack of supplier engagement in product inspection weakens that inspection. The findings of this gap analysis support the policy relevance of Changelima et al. (2023) and Musyoka et al. (2025), who found that structured supplier engagement at and beyond contract award significantly improves procurement performance outcomes.

The overall explanatory power of 68.7 percent is especially notable for the Kenyan context. The PPRA's (2024) MAPS assessment highlighted that compliance-driven procurement processes often do not deliver value-for-money outcomes at the entity level, implying that the regulations only measure the extent to which procurement processes are adhered to and not the extent to which they are engaged with at the practice level, which the findings of this study show to be the key driver of outcomes. It is, therefore, only a procurement system that can track compliance and measure

stakeholder engagement that can capture the variable that accounts for most of the performance gap observed across the state corporations in Kenya.

V. CONCLUSION & RECOMMENDATIONS

5.1 Conclusion

The effect of stakeholder engagement on public procurement performance of state corporations in Kenya was investigated. Based on the instrumental dimension of Stakeholder Theory, stakeholder engagement was operationalized into three dimensions: end-user involvement, internal departmental collaboration and supplier engagement. The areas of procurement performance measured were service delivery, value for money and quality assurance. The design used was a positivist descriptive cross-sectional design. A structured questionnaire was used to collect data from 167 heads of procurement across 21 ministry clusters, and the data were analyzed using descriptive statistics, Pearson correlation and simple linear regression in SPSS Version 24.

The study confirmed a statistically significant and positive relationship between stakeholder engagement and public procurement performance in state corporations in Kenya. The null hypothesis was rejected ($p < .001$), and the regression model accounted for 68.7 percent of the variance in procurement performance. The finding is consistent with the theory that, by involving their key stakeholders systematically, organizations can produce measurably better results than organizations that view procurement as a purely procedural activity. The study is an empirical application of stakeholder theory to public procurement in a developing-country setting. It brings original evidence that the performance of procurement is relational, not merely regulatory, but also the quality of engagement with end users, internal departments and suppliers throughout the procurement process. This insight is relevant to current concerns about poor performance in Kenya's public procurement system.

5.2 Recommendations

The findings have implications for procurement managers and for the policy-making institutions over public procurement in Kenya. Stakeholder engagement is a key management challenge that focuses on formalizing it as a documented, accountable process within the procurement lifecycle. State companies need to have documented policies that involve end-user participation from needs identification and specification through the post-delivery review. This would address the identified gap in the procurement process at the earliest stage, and most critical in the study. Where informal coordination arrangements are in place, they should be replaced by formal interdepartmental procurement committees with a clear, agreed set of terms of reference comprising finance, HR and legal functions. These committees should be established on a timeline, share responsibility for procurement decisions and have a clear mandate to address procurement delays before they impact delivery. Special attention must be given to the human resources function, which had the lowest score in the internal collaboration dimension and whose contribution to procurement officers' competence has been shown to affect procurement quality. Supplier engagement needs to go beyond contract award to the post-award phase. Kenyan state corporations are comparatively engaged in tender opening and contract negotiation, but supplier engagement in product inspection and performance review is inconsistent. State corporations need to put in place formal supplier performance review systems with documented acceptance criteria, coordinated inspection systems and a formal feedback system. Implementing these practices will have an immediate impact on the quality assurance aspect of procurement performance.

Policy-wise, the PPRA should enhance its Methodology for assessing procurement systems to include stakeholder engagement as an explicit, measurable performance criterion. The prevailing framework focuses mainly on conformity issues and, as the present study shows, neglects the variables in practice that account for most of the entity-level variance in performance. If engagement measures were included, oversight bodies would have a more accurate and complete picture of state corporations' performance. The government should also provide resources to its procurement officers to build their capacity to facilitate the design and implementation of structured engagement processes, with a particular focus on supplier relationship management and cross-functional coordination. Lastly, the government should amend the Public Procurement and Asset Disposal Act or issue supplementary guidelines to make supplier participation in post-award product inspection and quality assurance mandatory. This would put into law a practice that the findings of this study confirm is a key factor affecting procurement outcomes in Kenya's state corporations.

Declaration of Interest

The authors declare that they do not have any known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.



Funding Declaration

This research did not receive any specific grant from funding agencies in the public, commercial, or not-for-profit sectors.

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