INTEGRATING SUPPLY CHAIN MANAGEMENT AND VALUE CHAIN MANAGEMENT IN PUBLIC PROCUREMENT: A CASE OF THE KENYA HEALTH SECTOR.

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Background

- The importance of public procurement worldwide resulting in an increase of interest by donors, governments, civil society, professional organizations,
- In Kenya, Public Procurement (PP) is government by the Procurement and Disposal Act 2015. (Ngatara & Ayuma 2016).
- Challenges in the Health industry due to new requirements, customer dissatisfaction, skyrocketing health service costs and the ever-increasing competition.
Problem statement

- Understand and investigate what routes the public sector may take to integrate their supply chain by incorporating these concepts in the Public Procurement function to ensure consumer service through enhanced Information Technology. I will examine how the concept integrates with PP and customer service; the former being the link of the organization with the downstream and the later with the upstream.

- I will also examine the technology that enhances the integration by mainly examining the Information Technology, which is argued that if utilized properly in the Supply chain can replace inventory.
OBJECTIVES

- An in-depth examination of the concept of integration of SCM and VCM in the Public Sector that exist in the literature.
- Identify the value adding activities and examine the role of procurement in the health sector service delivery.

IMPORTANCE OF THE STUDY.

- Serve an important role by contributing to the literature on the integration of SCM and VCM in public sector. This is a subject that is of great importance to practitioners’, donors’, researchers as well as policy makers in government.
Research questions

- What are the value adding activities and what is the role of procurement in the customer service delivery in the health Sector?
- Is Public Procurement matured to the level that it can assist in the?
- At what level of maturity is the Public-Sector Supply Chain Integration in relation to the change model proposed by Stevens (2003) which identifies specific stages of integration?
- What model best describes Public Sector Supply Chain Integration in Kenya?
Conceptual Model
Theories of SCI.

After examination of various Studies, some of the theories inherent in the integration of VCM & SCM are:

- **The Resource-Based View.**
- **The Principal-Agent Theory.**
- **Transaction Cost Analysis.**
- **The Network Theory.**
- **Systems theory.**
- **Rational Efficiency Theory.**
- **Bandwagon Effect Theory.**
Models used in integration of VCM & SCM.

- The added-value chain, McPhee and Wheeler (2006)
- Stages for an Integrated Supply Chain Based on Stevens (2003)
- Supply Chain Maturity Model by Tyndall et al. (1998).
Findings

- Integration of SCM and VCM can be achieved through discussing, evaluating and examining policies and decisions in terms of their relevance to value adding principles.
- Absence of visibility up and down stream will result the bullwhip effect (Akkermans & Voss, 2013).
- Barriers that impend the integration of VCM & SCM (Fawcett, Magnan, & McCarter, 2008). Which include absence of knowledge, trust, supply chain visibility and Silo Mentality (Katunzi, 2011; Bakker, Boehme, & Van Donk, 2012).
Findings

- Benefits which among other include:
  - Reduction in inventory, SCM costs, order fulfilment time;
  - Improvement of forecast accuracy, customer service, growth, Return on assets, (Fawcett, Magnan, & McCarter, 2008); Wisner et al., 2006;

- For integration to work emphasis is; first, make the process across the value chain as simple and standard; second, gain comprehensive commitment to the shared process, and the third apply ICT to the process (Fearne, Garcia Martinez & Dent, B. (2012)).
Recommendations

- One gap identified is that there is little empirical analysis on the integration of SCM and VCM in the public Sector. There is need to develop an integrated VCM and SCM model which can be used to implement the twin concepts in the public procurement as they are too complex for simple models to provide a panacea for the problems inherent within the traditional procurement.

- The model should also take care of the issue of competitive tendering requirement as opposed to the principle of partnership as depicted in the available integration models.

- Will pursue the study for my doctorate
References

Thank you