Full Length Research

Factors Affecting the Implementation of Procurement Policies and Procedures in Public Entities in Kenya, a Case of Trans-Nzoia County

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Explore on the factors affecting implementation of public procurement policies and procedures in public entities in Kenya. The specific objectives of the study were staff competency, compliance strategies, role of management style and Information and communication Technology.

Keywords: staff competency, compliance strategies, role of management style and Information and communication Technology.


INTRODUCTION

Procurement Policies and procedures are crucial in all procurement activities including leasing and hiring, and may where suitable include other activities accompanying the life cycle of goods or service contracts and the end-of-life disposal of goods which have been procured (Arminas, 2013). These are extremely huge figures compared to the global average of 12-20%. The competitiveness of the government at both the central and in the devolved structure has affected the procurement guideline (Brynjolfsson & Smith, 2012). Procurement policies applies to and binds all directors, managers and employees of the organization in any situation where they are involved in a purchasing process, whether as requisiteness, purchasers or negotiators, or those who validate or authorize payment. Procurement laws and rules lead to procurement efficiency or inefficiency depending on the type of government and environment within which the system is operated. In a country where no government democracy exists, the procurement system cannot be transparent and integral (Basheka & Bisangabasiija, 2010).

A legal framework encompasses the laws, regulations and policies that are put in place to govern an organization or an activity (Arminas, 2013). The public procurement legal framework clearly covers the whole scope of public procurement (PP), all stages of the procurement process, methods of procurement, ethics and transparency, states that a good PP legal framework is based on the principles of openness and transparency, fair competition, impartiality, and integrity. According to American Bar Association (2000), a sound PP system needs to have good procurement laws and regulations. In practice and theory, PP laws and rules have been considered as one of the most important pillars of a
sound procurement system (Brynjolfsson & Smith, 2012).

The procurement function donates to this competitiveness through the reduction of the operational costs and as a tactical function to a reengineering function within the organization to vicissitudes in the environment (Arminas, 2013). In the same study, xxx notes that efficient procurement process is vital to the success of government’s programs as it offers a link between policy and delivery. Public procurement policies and procedures play a critical role in the formation and service delivery processes as public entities must source the resources they need to role from third parties. The effectiveness of the public procurement plays a significant role in the quality of services provided by government institutions and in the receptiveness of the government to the public needs (Basheka & Bisangabasija, 2010).

The public procurement has become under intense inspection due to the amount of the civic money involved which is estimated to be between 9-13% of the Gross Domestic Product (GDP). The intense scrutiny is affected through various statutes, regulations, policies and directives. Also according to Brynjolfsson and Smith, (2012), noted that the public procurement environment is of increasingly intense scrutiny and augmented changes driven by technology, program reviews, and public and political expectations for service improvements. Despite the numerous policies and regulations, Basheka and Bisangabasija, (2010), notes that tax payers’ money goes to waste every year due to unproductive and ineffective procurement structures, policies and procedures as well as failure to impose sanctions for desecration of procurement rules thus resulting in poor service delivery.

Background of the Study

Procurement Policies and procedures are crucial in all procurement activities including leasing and hiring, and may where suitable include other activities accompanying the life cycle of goods or service contracts and the end-of-life disposal of goods which have been procured (Arminas, 2013). These are extremely huge figures compared to the global average of 12-20%. The competitiveness of the government at both the central and in the devolved structure has affected the procurement guideline (Brynjolfsson & Smith, 2012). Procurement policies apply to and binds all directors, managers and employees of the organization in any situation where they are involved in a purchasing process, whether as requisiteness, purchasers or negotiators, or those who validate or authorize payment. Procurement laws and rules lead to procurement efficiency or inefficiency depending on the type of government and environment within which the system is operated. In a country where no government democracy exists, the procurement system cannot be transparent and integral (Basheka & Bisangabasija, 2010).

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Staff Competency

The practical competence refers the demonstrated ability to perform a set of tasks while the foundational competencies show the demonstrated ability of what and
why to carry out tasks. According to Chirchir (2013), competency refers to the specified skills, knowledge, attitudes and behavior necessary to achieve a task, activity or career. The reflexive competence explains the ability to integrate actions with an understanding of action while applied competence shows a demonstrated ability to perform a set of tasks with understanding and reflexivity. Organizations may sometimes distinguish between competencies and competences with the former representing the desired personal attributes and behaviors while the latter referring to the knowledge and skill required to bring about improved performance (Arminas, 2013). Within the context of the technical competencies, they are divided into practical competence, introductory competence, reflexive competence and applied competence.

The human capital competence can be assessed through the level of education (diploma, degree, post graduate etc.), education specialization, procurement knowledge, professional experience and the technical skills (Chirchir, 2013). The human capital competency affects the performance of the procurement function within the county government procurement officials. The efficiency of the staff on the public performance is enhanced by the superior and specialized level of education qualification. In this context, it’s argued that the possibility of the increase in motivation and subsequent performance lies with having staff with superior level of education which is an aspect of staff competency (Arminas, 2013). According to Barrett (2012), professional familiarity is paramount in enhancing the performance and competitiveness of an organization. This is because the public procurement officials who have the mandatory procurement and supply skills are able to execute their duties in a knowledgeable, empowered and motivated to carry out their duties. The technical skills are an important element in getting things right first time in the quest towards Total Quality Management that ensures efficiency and effectiveness of the purchasing function (Basheka & Bisangabasija, 2010). It can be inferred that purchasers getting things right first time for continuous enhancement characterize the performance of the procurement function.

Compliance Strategies

Effective enforcement is vital to the successful implementation of social legislation, and legislation that is enforced rarely fulfills its social objectives (Arminas, 2013). This chapter examines the question of how the enforcement task might best be conducted in order to achieve policy outcomes that are effective (in terms of reducing the incidence of social harm) and efficient (in doing so at least cost to both duty holders and the regulator), while also maintaining community confidence use purchase leverage, negotiation, and supplier segmentation among others (Barrett, 2012)

The firms that utilize the public funds in the public procurement such as the county governments must embrace compliance strategies and other strategies to ensure that the public procurement policies and principles are adhered to (Basheka & Bisangabasija, 2010). The procurement principles include value for money, open and fair opposition, accountability and due process, fair dealing and non-discrimination (Barrett, 2012). To ensure the value for money, there is need to uphold a delicate balance between the bidding administrative costs and the value of the goods being procured. Therefore, the concept of protecting the cost building and the minimization of costs is of integral importance to the public procurement. One of the major strategy used in public procurement include the use of the Kraljic supplier positioning model that group items dependent on the procurement difficulty and relative expenditure (Barrett, 2012).

A compliance strategy seeks to prevent harm rather than punish an evil. Its conception of enforcement centers upon the attainment of the broad aims of legislation, rather than sanctioning its breach (Arminas, 2013). Recourse to the legal process here is rare, a matter of last resort, since compliance strategy is concerned with repair and results, not retribution. And for compliance to be effected, some positive accomplishment is often required, rather than simply refraining from an act. The public procurement officials have the potential to get massive discounts if the procurement process is well managed. The methods suitable for the public procurement include open tendering, restricted tendering and request for projects. The group 3 category has the potential to sabotage the work that need be achieved thus requiring open tendering, restricted tendering, direct procurement and requests for quotations. The group 4 items require open tender or prequalification tender on the account of the difficulties in procurement (Barrett, 2012). These may be emergency items or highly specialized items.

Management Style.

Management has been defined as the process of social influence in which one person is able to enlist the aid and support of others in the accomplishment of a common task. There are different types management styles such as the autocratic, paternalistic, laissez-faire, democratic, informal, participatory and supervisory. On the other hand Boraya (2013), argues that management is the art or process of influencing people so that they strive willingly and enthusiastically towards achievement of group goals. The role of the management on the implementation of the public procurement actions is
linked to the wider concept of the role of the management on organizational performance (Barrett, 2012).

Autocratic managers make decisions unilaterally, without much (or any) input of subordinates (Barrett, 2012). This unilateral format can be perceived as a good management technique if the right decisions are made, and it can lead to faster decision-making, because only one person’s preferences need to be considered. However, this style of management can drive away employees who are looking for more ownership of decisions, and more autonomy. In times of crisis where time is limited, use of autocratic management is permissible, but extended periods could lead to high turnover (Basheka & Bisangabasiija, 2010).

Consultative; this form allows for more discussion than an autocratic method, but is essentially dictatorial (Barrett, 2012).. As the name suggests, a leader in this form consults his or her employees, but ultimately the leader makes the final decision. Decisions attempt to take the best interests of the employees in account but also focus on the business. This type of management style often leads to loyalty from employees included in decision-making processes, but those who are left out are more likely to move on. It can also lead to a dependency of the employees on the leader (Arminas, 2013).

Persuasive; also similar to autocratic management styles, a persuasive leader maintains the final decision-making control. However, he or she makes choices based on the persuasion of subordinates (Barrett, 2012). Employees will convince their manager of the benefits of a decision and the manager will make the final decision. This is a great option for managers who need input from experts, but still can keep the final decision-making up to them. This does not work when employees do not support management and choose not to provide input or do not trust decisions that have been made.

Democratic; as its name suggests, democratic managers offer employees an opportunity to engage in decision-making. This means all decisions are agreed upon by the majority. The communications go from both the manager down to employees and from the employees up to the managers (Arminas, 2013). This style works when complex decisions must be made that have a variety of outcomes. However, democracy does slow down decision-making and could be inefficient at times.

Laissez-faire, this style is the complete opposite of autocracy; employees are allowed to make the majority of decisions, with management providing guidance when needed. The manager in this case is considered a mentor rather than a leader. This style of management is popular in startups and technology companies, where risk taking is encouraged. However, it can lead to difficulties in making decisions (Basheka & Bisangabasiija, 2010).

Information and Communication Technology.

A good ICT system helps a firm categorize its interactions with its most essential suppliers (Basheka & Bisangabasiija, 2010). It provides those who use it with a set of built-in monitoring tools to help control costs and assure maximum supplier performance. It provides an organized way to keep an open line of communication with potential suppliers during a business process (Alatas, Banerjee, Chandrasekhar, Hanna & Olken, 2016). The system allows managers to confirm pricing, and leverage previous agreements to assure each new price quote is more competitive than the last. It appears that during the past few years purchasing has begun to play an ever more important role in the strategy of the firm. In order to survive, managers have begun to rethink their competitive priorities and their value chain. Increasing numbers of organizations have recognized that ICT holds the potential to transform their competitive performance for the better Implementation of Procurement Policies.

Effective public procurement systems are systems that are defined as offering a high level of transparency, accountability and value for money in the application of a procurement budget. They are critical to poverty reduction and AID effectiveness. Hence, all parties in the development process must have a vested interest in promoting this critical pillar of good governance: and to do so, in the context of an open macroeconomic framework that promotes open competition, functioning of markets and the allocation of resources based on comparative advantages. According to Osoro et al.(2015) they revealed that many county governments lose huge amounts of funds annually as result of implementation of ineffective procurement function which are not in tandem with the public and disposal regulations. According to Basheka and Bisangabasiija (2010) notes that low level of compliance with procurement regulations, lack of transparency and accountability of procurement funds lowers the level of effectiveness in procurement practices in county government. According to Kulundu, (2014), established that the major factors that determine the extent to which effective procurement system are employed in County government in Kenya include; the level of compliance with procurement regulations, minimization of procurement expenditure, transparency and accountability of procurement funds and quality of procured goods and services.

2.1.5. Public Procurement Policies and Procedures.

Procurement and disposal of public assets and services is guided by the Public Procurement and Asset Disposal Act of 2015 (PPADA) as published in the Kenya gazette supplement. The act provides guidelines in all matters pertaining to procedures that must be followed by all directorial organs in the public service. The act
presents bodies that are involved in the regulation of public procurement and provides these bodies with well-defined powers and their respective jurisdictions (Kulundu, 2014). Among the bodies reputable in this act include: the Public Procurement Oversight Authority, the Public Procurement Oversight Advisory Board, and the Public Procurement Administrative Review Board. The act clearly defines the composition of each of these bodies, their respective roles, as well as their powers and jurisdictions.

The act further defines the internal society of public entities in relation to procurement, and the general rules that must be complied with by public entities through their procurement processes. The act further provides a step by step guide in relation to open tendering and alternative procurement measures by all public entities (Osoro et al., 2015). Moreover, the act specifies procedures in administrative review of procurement proceedings and the powers of the review board in ensuring amenability with laid down procedures. The act thus acts as a guideline for procurement and disposal procedures in public entities with repercussions clearly specified for any deviations with these requirements (Kulundu, 2014).

County governments in Kenya were established under the County Governments Act 2015. The act was legislated in line with requirements of the current Kenyan constitution promulgated in the year 2010, after approval through a popular vote by the Kenyan public (Muange, 2013). The act defines; county governments, county assemblies, electoral wards, county executive, decentralized units, county public service, citizen participation, public communication and access to information, civic education and county planning, and procedures in suspension of county staff. The implementation of public procurement policy and procedures. All this factors depends on the Public Procurement and Disposal Act 2015, Public Procurement and Disposal regulation 2016, Procurement and Asset Disposal Act 2016, Legal Notices and Circulars from the National Treasury (Kulundu, 2014).

The act clearly demarcates the composition, functions, and roles of both the county executive and the county assembly which are ideally independent arms of the government with different roles. The act segregates the counties into wards which are represented by a member of the county assembly elected by the public (Mbae, 2014). The act further specifies units in the public service that are decentralized to the county governments such as health and some sections of infrastructural development with the rest remaining under the national government. The act further requires that the public must be involved in allocation of county funds into the various projects established with consultation with the public. This in essence makes the county governments have the responsibility to procure and dispose public assets thus making the counties be subject to the public procurement and disposal act (Kulundu, 2014).

Research Design

A research design is the set of methods and procedures used in collecting and analyzing measures of the variables specified in the problem research (Kothari, 2011). This study utilized the descriptive design. The survey descriptive design involves posing a series of questions to willing participants, summarizing their responses with percentages, frequency counts, and other statistical indexes and then drawing inferences about a particular population from the responses of the sample (Osei-Tutu, 2016). This research design is ideal for this study as the researcher is interested in gaining knowledge on the factors affecting the implementation of procurement policies and procedures in county government of Trans-Nzoia.

Target Population

Target population refers to the larger population to which the researcher ultimately would like to generalize the results of the study (Kothari, 2011). It is thus the entire group of individuals, events or objects having common observable characteristics. The target population for this study was 800 the county Government employees of Trans-Nzoia. This was our unit of observation. The population of this study consists of the staff working in the procurement and user department.

Sampling Frame

A sampling frame is a list of all the fundamentals in the population from which the sample is drawn. According to Kothari (2011), it is a list of all those within a population who can be sampled, and may include individuals, households or institutions. A sampling frame is needed so that everyone in the population is identified so they will have an equal opportunity for selection as a subject (element).

In a sampling frame, all of the units are listed in a way that makes it easy to identify them in some kind of order, and the frame is organized in a clear and consistent way (Kothari, 2011). By using a sampling frame, there is sufficient information about each of the units to be able to access them for the purposes of the study. Using a sampling frame, there is sufficient information about each unit to be able to make more advanced sampling selections (Osei-Tutu, 2016). The sampling frame of this study will be all the 207 staff working in the supply chain from procurement department in the county government from Trans Nzoia.
Sample and Sampling Techniques.

A sample is portion or part of the population of interest. This study used stratified random sampling techniques (Kothari, 2011). The respondents were picked from each stratum. This technique gave a chance to all respondents to be picked, hence no biasness. The purpose of sampling is to gain an understanding about some features or attributes of the whole population based on the characteristics of the sample. The Yaro Yamane’s simplified formula as provided, was used for the calculation of the sample size (Osei-Tutu, 2016). The proportionate random sampling was utilized for the study.

Regression Analysis

To establish the degree of influence of implementation of procurement policy and procedures in public entities a regression analysis was conducted, with the assumption that: variables are normally distributed to avoid distortion of associations and significance tests, which was achieved as outliers were not identified; a linear relationship between the independent variables and dependent variable for accuracy of estimation, which was achieved as the standardized coefficients were used in interpretation. The regression model was as follows:

\[ Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon \]

Policy and procedures in public entity = \( \alpha + \beta_1 \) (Staff Competency) + \( \beta_2 \) (compliance strategy) + \( \beta_3 \) (management style) + \( \varepsilon \) (ICT), error term.

Regression analysis produced the coefficient of determination and analysis of variance (ANOVA). Analysis of variance was done to show whether there is a significant mean difference between dependent and independent variables. The ANOVA was conducted at 95% confidence level.

Model Goodness of Fit

Regression analysis was used to establish the strengths of relationship between the implementation of procurement in policy and procedures in public entities (dependent variable) and the predicting variables; staff competency, compliance strategy, management style and information and communication technology (independent variables). The results showed a correlation value (R) of 0.754 which depicts that there is a good linear dependence between the independent and dependent variables. This finding is in line with the findings of Ogoye (2013).

This is in line with the findings Nyongesa (2014), who observed that this also depicted the significance of the regression analysis done at 95% confidence level. This implies that the regression model is significant and can thus be used to evaluate the association between the dependent and independent variables. This is in line with the findings of Muthike (2014), who observed that analysis of variance statistics examines the differences between group means and their associated procedures.

With an R-squared of 0.727, the model shows that Staff competency, compliance strategy, management style, and ICT 72.7% of the variations on implementation of procurement policy and procedures in public entities while 27.3% is explained by other indicators which are not inclusive in study or model. A measure of goodness of fit synopses the discrepancy between observed values and the values anticipated under the model in question. This finding is in line with the findings Simbiri (2010).

Analysis of Variance (ANOVA)

From the results in table 2, analysis of variance statistics was conducted to determine the differences in the means of the dependent and independent variables to show whether a relationship exists between the two. The P-value of 0.05 implies that implementation of procurement policy and procedures have a significant relationship with Staff competency, compliance strategy, management style, and ICT which is significant at 5 % level of significance.

Regression Coefficients of Determination

To determine the relationship between the independent variables and the dependent variable and the respective strengths, the regression analysis produced coefficients of determination. Findings in table 3 reveal a positive relationship between the implementation of procurement policies and procedures in public entities in Kenya, king the regression model:

\[ Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon \]

Y = Public Entities

\( \alpha = \) Constant; \( \beta_1 \) - \( \beta_4 \) = Beta coefficients; \( X_1 = \) staff competency; \( X_2 = \) compliance strategy; \( X_3 = \) management style; \( X_4 = \) Information and communication technology and \( \varepsilon = \) Error term, from the result shown below, it’s clear that when all the independent variables are regressed against the dependent variable the constant gives a negative result meaning there is a strong relationship and how each predictor has an effect on the dependent variable.

A unit change in staff competency would thus lead to a .624 effect on implementation of policy and procedures in public entities ceteris paribus; while a unit change in compliance strategy would have an effect of .541 change...
Table 1. Model Goodness of Fit

<table>
<thead>
<tr>
<th></th>
<th>R</th>
<th>R²</th>
<th>Adjusted R</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.754</td>
<td>0.727</td>
<td>0.756</td>
<td>0.056</td>
</tr>
</tbody>
</table>

a. Predictors: (Constants), Staff, compliance, management, and ICT  
b. Dependent Variable: policy and procedures in public entity

Table 2. ANOVA

<table>
<thead>
<tr>
<th></th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>4.157</td>
<td>1</td>
<td>1.059</td>
<td>.431</td>
<td>.001</td>
</tr>
<tr>
<td>Residual</td>
<td>6.463</td>
<td>99</td>
<td>.494</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>10.610</td>
<td>100</td>
<td></td>
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</tbody>
</table>

Table 3. Regression Coefficient Results

<table>
<thead>
<tr>
<th></th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>-.137</td>
<td>-.143</td>
<td>.003</td>
<td></td>
</tr>
<tr>
<td>Staff competency.</td>
<td>.624</td>
<td>.838</td>
<td>5.471</td>
<td>.001</td>
</tr>
<tr>
<td>Compliance</td>
<td>.541</td>
<td>.162</td>
<td>2.471</td>
<td>.001</td>
</tr>
<tr>
<td>strategy</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management style.</td>
<td>.329</td>
<td>.587</td>
<td>4.386</td>
<td>.000</td>
</tr>
<tr>
<td>ICT</td>
<td>.231</td>
<td>.321</td>
<td>2.654</td>
<td>.004</td>
</tr>
</tbody>
</table>

a. Predictors: (Constants), Staff, compliance, compliance strategy, management style, and ICT  
b. Dependent Variable: policy and procedures in public entities

CONCLUSION

Therefore from the foregoing, this study concludes that public-private partnerships have broadly impacted the implementation of policy and procedures in public entities in Kenya. The findings conclude that modern institutions should drive to embrace the best procurement implementation of policy and procedures in public entities in Kenya. When public-private partnerships is embraced through staff competency, compliance strategy, modern management style and information and communication technology then the implementation of policy and procedures in public entities in the Trans Nzoia county
would be perform. That from the foregoing, this study recommends that the best procurement policy and procedures in the public entities in Kenya should strive to be proactive on how to perform better to retain integrity and improve transparency and accountability in Trans Nzoia county. The study has now filled the existing gap after the creation of new knowledge. That from the foregoing, this study recommends that the best procurement policy and procedures in the public entities in Kenya should strive to be proactive on how to perform better to retain integrity and improve transparency and accountability in Trans Nzoia county. The study has now filled the existing gap after the creation of new knowledge.

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