

# ROLE OF TENDERING PROCESS ON PROCUREMENT PERFORMANCE IN PUBLIC SECTOR IN KENYA: A CASE OF DIRECTORATE OF PUBLIC SERVICE MANAGEMENT

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**Abstract:** Procurement in the Public Sector in Kenya has passed through many stages and made various strides to enhance its operations so that members and the general public are benefiting from it in a broad perspective. Although the government has been involved in streamlining the procurement system in the public sector it is marred by inefficiencies. The study aim was to investigate the factors that affect the procurement system specifically looking at the tendering process in the public sector in Kenya. The study was carried out on the Directorate of Public Service Management. The study was guided by the specific objectives: to find out the challenges to an effective tendering process in the procurement system; to find out the role and impact of rules and regulations concerning tendering in the public sector; And to find out the effect of procurement activities on operations of the Directorate of Public Service Management. The study looked at past literature on the procurement tendering process with emphasis on procurement in public sector. The literature review also gave attention to regulation implications and the factors that need to be addressed before an institution can engage in tendering activities. The study will took up the descriptive research design using the Directorate of Public Service Management as the target population and researchers case. The study used primary data as its source and questionnaires as the main instrument of data collection. The findings of the study showed that the policies and guidelines to ensure that the process of procurement is not interfered with by individuals who have interests in the transactions made and especially in the tendering stage are not well spelled out. The study recommended that there is need for strengthening the policies and guidelines for procurement to promote transparency in tendering process. The study is intended to add into information on procurement and tendering processes and help in informing the factors to be considered in drafting the same.

**Keywords:** Tendering, Procurement and Performance.

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## 1. INTRODUCTION

### BACKGROUND OF THE STUDY:

This chapter contains the following; background of the study, global perspective, Kenyan perspective and history of Directorate of Public Service Management. The chapter contains statement of the problem, objectives of the study, justification of the study and the scope of the study. Public Procurement often constitutes the largest domestic market in developing countries. Depending on how it is managed, the public procurement system can thus contribute to the economic development of these countries (PPOA, 2012). Indeed, public procurement is the principal means through

which governments meet developmental needs such as the provision of physical infrastructure and the supply of essential medicines (PPOA, 2010). Again, many governments use Public Procurement to support the development of domestic industries, overcome regional economic imbalances, and support minority or disadvantaged communities. Because the deployment of the Public Procurement System to pursue these developmental goals entails governmental exercise of enormous discretion, Public Procurement is often an extremely controversial subject matter (World Bank Group, 2007).

Woods (2008) defines tendering as process where by an organization invites for the supply of goods and services, and awards the contract to the best offer according to predetermined criteria without negotiation. Woods goes further to argue that tendering can be seen as an essential anticorruption approach and according to Moeti *et al.* (2007), tender is a proposal to provide a good or service in competition with other potential suppliers.

According to Woods (2008), tendering has its own rules and emphasis. Procurement transactions which are conducted through formal tendering systems are usually done so because of their relatively high value. The general rule concerns a predetermined limit above which the transaction should be subject to the more stringent tendering rules. As with many other aspects of public sector management reform the world over, tendering activities and their control has recently been devolved down from a centralized arrangement to the individual organizations themselves. All the associated best practice tendering requirements remain in forces.

#### **GLOBAL PERSPECTIVE ON TENDERING PROCESS:**

In recent years and times, management or governance of tendering processes within governments has come to the forth. Reality has final dawned on government that there are few suppliers in the country and they know each other, so it is easy for them to take advantage of systems (weaknesses), and there is a need to invite international suppliers to bid. Given the size and amount that government spends, it is important that leaders in government must recognize that tendering is a management function that is central to operations. Therefore it should be treated at a senior management level (Gildenhuis, 2002),.

The world in which government operates continues to change. Industries, economies, and regulatory environments were altered forever and more change is likely. Government, like most consumer-oriented companies, continues to face significant challenges and growth overwhelmingly tops the list. In addition, the reputation of national government has suffered, and as a consequence the government must undertake new activities to positively influence public perception. Adapting to today's challenges requires leadership, vision and agility. Visser and Erasmus (2007) states that government, as the largest buyer in the country, is responsible for ensuring that procurement policy supports and attains overall economic objectives.

According to Gildenhuis (2002), calling for tenders for the supply of goods and services is a standard procedure in national government. Legislation compels governments to call for tenders before buying any goods or services. For any national department to deliver services to people successfully nowadays requires it to manage tendering and become involved in the way its suppliers do business. A successful department is often seen as symbol of a country's economic success.

Visser and Erasmus (2007) further state that all specifications are an integral part of the tender invitation. Apart from advertising, tender documents are also sent to identify possible tenderers, and the departments are required to provide the office with their particulars. The closing date, time of closure, validity period, and address where the tenders must be deposited or posted must be indicated.

#### **KENYAN PERSPECTIVE ON TENDERING PROCESS:**

The Public Procurement Tendering System in Kenya has evolved from a crude system with no regulations to an orderly legally regulated Procurement System. The Government's Procurement System was originally contained in the Supplies Manual of 1978, which was supplemented by circulars that were issued from time to time by the Treasury (GOK, 2010). The Director of Government Supply Services was responsible for ensuring the proper observance of the provisions of the Manual (GOK, 2004). The Manual created various tender boards for adjudication of tenders and their awards. The Authority shall issue guidelines on the format of procurement documents to be adopted for approvals and the documentation of the procurement procedure (PPOA, 2012).

The Kenyan government has for a long time been involved in streamlining the procurement system in the Public Sector. The system is marred by inefficiencies that cost the Kenyan economy about Ksh30 Billion annually (Standard Newspaper, 2007). Tendering procedures have been skewed, contracts have not been adhered to, and substandard qualities or lesser quantities of materials have been used than agreed. This study aims at understanding the factors that are affecting the tendering process in the public sector procuring.

The Public Procurement Reform in Kenya has been going on since 1997, started as a joint initiative by the Kenya Government and the World Bank. The procurement audits carried out on Kenya's public procurement system at that time disclosed serious shortcomings ranging from inefficiency to lack of sound and transparent legal framework (Thai, 2004). The government decided to review and reform the existing procurement system with a view to enhancing efficiency, economy, accountability and transparency in public procurement using a homegrown review. The Government developed and put in place appropriate Public Procurement Regulations, which were published as Legal Notice No. 51; The Exchequer and Audit Public Procurement Regulations, 2001 dated 30th March, 2001 and the amendment of the same in 2002. To further streamline the legal framework and deepen the public procurement reforms, the Government drew and published Public Procurement and Disposal Bill, 2002, 2003, 2004 and 2005 which would outline the road map to the Public Procurement and Disposal Act (PPDA), 2005

The PPDA, effective as of 1st January 2007, applies to all procurement of goods, works and services, as well as the disposal of assets by public entities. Public entities are those that procure goods, services or works using public funds. As such, public entities include the central and local governments, courts, commissions, state corporations, cooperatives, and educational institutions such as colleges, schools and universities. The PPDA was established in order to maximize economy and efficiency, promote competition and ensure that competitors are treated fairly, promote the integrity and fairness of procurement procedures, increase transparency and accountability in those procedures, increase public confidence in those procedures and facilitate the promotion of local industry and economic development (RoK, 2008).

Together with the PPDA, the Public Procurement and Disposal Regulations were set up outlining the various processes and procedures to be followed when goods, services or works are being procured including the tendering process. Tendering Committees are set up as per the regulation 6 (3) to assist procuring entities in the acquisition of goods, works and services considered as major requirements. Accountability and the ability to adhere to procedures in the Public Procurement and Disposal Act, 2005 are necessary characteristics of a tendering committee. A procuring entity is liable for any discrepancies arising from the failure to abide by these regulations. The process of procurement may differ slightly from one organization to another, but the process is usually symbiotic in nature. It is a process that benefits both the buyer and the seller (RoK, 2008).

#### **HISTORY OF THE DIRECTORATE OF PUBLIC SERVICE MANAGEMENT:**

Directorate of Public Service Management (DPSM) has the critical role of ensuring that the Public Service is enabled to function efficiently through public service human resource management. The DPSM is mandated to provide strategic leadership and policy direction in public service human resource management and development. The Directorate's core functions are to formulate human resource management and development policies, rules and regulations in the Public Service, to advise the Public Service on organizational structures, ministerial functions, staffing levels, develop and review schemes of service and career guidelines. The directorate also trains and builds capacity in the Public Service, initiates and coordinates human resource management reforms in the Public Service. It also coordinates human resource management information systems as well as reviewing, harmonizing and updating the terms and conditions of service for the Public Service. The ministry is also mandated to provide guidelines and monitor payroll and human resource records in the Public Service (Public procurement and Disposal Act, 2005).

#### **STATEMENT OF THE PROBLEM:**

The overall research problem addressed in this study is that despite an increase in knowledge in the tendering processes in public entities according to Public procurement and Disposal Act (2005), very little has been done to analyze the factors influencing the tendering process in Public sector in terms of Tribalism, politics, nepotism, delays, inefficient, fairness, competitiveness, accessibility, transparency, openness, integrity and profitability. Kenya has lost more than Kshs.475 billion to shady procurement deals in the last decade (Transparency International Report, 2005) and the next decade

would be worse if action is not taken. The need for reform thus becomes urgent, as the local business community has complained that inefficiencies in public procurement were contributing to an unsuitable business environment. According to Thai, 2004 there are no internationally accepted standards of best practice for the management of public procurement but each country tries its own approach although there are common strategies. Indeed, in all countries in the world, estimates of the financial activities of government procurement managers are believed to be in the order of 10% – 30 % of GNP (Callender & Mathews, 2000).

World Bank (2004) reiterated that public procurement represents 18.42% of the world GDP and accounts for 60% of total public expenditure in Kenya (Akech, 2005). The government is the largest single buyer of goods, works and services in the country of which the government spends approximately 70% of budget on procurement. Although the country has taken steps to reform their public procurement systems, the process is still shrouded by secrecy, inefficiency, corruption and undercutting. In all these cases, huge amounts of resources are wasted (Odhiambo & Kamau, 2013).

The overall strategy of improving public procurement reforms has rotated around instilling the principles of good governance in the public sector. Improved accountability, transparency, legislative frameworks, and addressing corruption are among the much-needed strategies for improving public sector performance through procurement reforms. Implementing public procurement reforms has not been seriously planned and lacks effective coordinated processes. Critics of the current procurement regulations in Kenya have pointed out that the creation of the Tender Committees for all public institutions under the chairmanship of the respective accounting officers undermines the powers of the executive boards that are excluded from these committees, even when big tenders are to be awarded. In Parastatal Tendering Committee, for example, only two directors are authorized to sit in the Tender Committees. This means that institutions such as the Department of Defence, the National Intelligence Services and the Office of the President will not be subjected to the transparent tendering rules. This study aims at documenting the role of tendering process on procurement performance at Directorate of Public Service Management (Akech, 2005)..

#### **OBJECTIVES OF THE STUDY WHERE:**

1. To evaluate the effect of staff training on procurement performance at Directorate of Public Service Management.
2. To assess the effects of organizational policy procurement performance at Directorate of Public Service Management.
3. To find out effects of top management support on procurement performance at Directorate of Public Service Management.
4. To determine the role of ICT integration on procurement performance at Directorate of Public Service Management.

## **2. LITERATURE REVIEW OF THE STUDY**

### **Contingency Theory:**

Contingency theory implies that one thing relies on upon different things, and for effectiveness

To avail there must be an association between organizational structures and the working order or state of their external surroundings. The right administration approach is dependent upon the organization's circumstances (Daft 2001). This theory relates to this study where the study acknowledges the thought of the theory, which proposes that chosen PMS outline and its function must accommodate to its logical components (Pugh, 2008). Regardless of this, with the objective of this study, contingency theory will be utilized and looked into in a specific manner as follows. This theory is a replicate of a sound organizational theory, for instance choice making points of view and organizational structure (Donaldson, 2001). The intrinsic nature of the contingency theory at large is that organizational effectiveness comes out as a result of appropriateness qualities of the organization, to possibilities that mirror the situation of the organization (Lorsch, 2004). As per Donaldson (2001), organizations intend to accomplish the fit of organization characteristics to possibilities which prompts to high performance. Subsequently the organization is directed by the contingencies (fit) to attain good performance. Therefore, there is a relationship between organization and its unpredictable factors, making an association between these unpredictable characteristics and organization relevant attributes (Woodward, 2001).

The contingency theory implies that there is no universally suitable or consummate estimation framework which applies similarly to all organizations on the whole context. It's often suggested that the suitability characteristics of a certain organization framework depends on the situation that organization is at that moment. This study adopts this theory in the sense that the theory offers a systematic way of looking at association between unpredictable variables and organization

structure (PMS Design and use). In the view of the authors of the theory, the structure of accommodating informational and control systems for instance a single particular type of PMs, relies on certain characteristics of the organization environment. This theory was relevant to this study in the fact that all organizational factors for high performance mutually relates to another for effective procumbent system.

#### **Transaction Cost Theory:**

Grover and Malhotra (2003) in their well-cited study conducted an extensive investigation on the application of transaction cost theory in supply chain management. In their empirical study of 1000 purchasing managers, Grover and Malhotra (2003) conclude that transaction cost theory applies to organizational supply chain management in four facets: effort, monitor, problem, and advantage. In an effort to build and maintain the relationship with suppliers; cost of monitoring the performance of suppliers; resolving the problems that arise in the business relationships and engagement of suppliers in an opportunistic behaviour. However, transaction cost theory is primarily concerned with the direct economic factors in organizations and hence fails to address some important aspects of the operation of organizational supply chain, including personal and human relations among other actors in the supply chain.

#### **Theory of internal control:**

A design structure of internal control is vital factor in organization administration or management and an underlying factor for its best operation. A system of solid interior controls can guarantee that the objectives and goals of an organization will be achieved, that it will accomplish long term targets and keep up dependable financial and administrative reporting. A such framework can likewise guarantee that the organization will consent to laws and directives and also strategies, plans, internal standards and techniques, and diminish the danger of unforeseen losses and ruin the organizations reputation

For instance, in USA, the Committee of Sponsoring Organizations of the Tread way Commission (COSO) issued Internal Control – Integrated Frame working 1992, which characterized interior control as procedures, affected by a group of directors, administration and other work force, intended to give sensible affirmation with respect to the accomplishment of targets in the following areas: Effectiveness and efficiency of operations; reliability of financial reporting; compliance with applicable laws and standards. This theory was relevant to this study for it outlines the internal policies, procedures and standards to be followed in the procurement department.

#### **Agency theory:**

Agency theory is a conceptualized idea that clarifies why behaviours or choices are different from another when shown by individuals of a group. In particular, it portrays the connection between one party called the principal, that entrusts work to another called the Agent. It clarifies their contrasts in behaviour or decisions by taking note of that the two groups frequently have diverse objectives and, autonomous of their individual objectives, may have distinctive attitude toward risk. The idea started from the work of Adolf Augustus Berle and Gardiner Coit Implies, who were discussing about the issues of the agent and guidelines as from 1932. Berle and Means investigated the concepts of agency and their applications toward the advancement of large companies. They perceived how the interests of the managers and directors of a given firm contrast from those of the proprietor of the firm, and utilized the concepts of agency and principal to clarify the sources of those contentions (Murtishaw and Sathaye, 2006).

Jensen and Meckling formed the work of Berle and Means with regards to the risk sharing research popular in the 1960s and '70s to create agency theory as a formal idea. Jensen and Meckling shaped a school of thought contending that corporations are organized to decrease the expenses of getting agents to take after the direction and interests of the principals. The theory basically recognizes that distinctive groups required in a given circumstance with a similar given objective will have diverse motivations, and that these diverse motivations can show in unique ways. It expresses that there will dependably b-partial objectives contrast among groups efficiency is indivisible from viability, and information will dependably between principal and agent. The theory has been effectively applied to many disciplines including accounting, Economics, politics, marketing and sociology (Nikkinen and Sahlström, 2004).

This theory was relevant for this study since all associations have organizations exhibit disparities in behaviours or decisions by taking note of that the two groups identify themselves more often with distinctive objectives and, autonomous of their respective objectives, may have diverse attitudes toward risk.

### 3. RESEARCH METHODOLOGY

#### Research Design:

This study adopted a descriptive research design in nature which will major in quantitative research strategies in order to find the solution to the study problem. This design will be considered because it is designed to depict the participants in an accurate way. This design is the most appropriate for this study because it seeks to explore and describe the data or characteristics needed for the research questions and collects a large amount of data for detailed studying. Mugenda and Mugenda (2003), supports this research design because it is the best method for social scientists who are interested in collecting original data for the purpose of describing a large population. The design is of a particular value since the researcher is seeking help on investigating effects in which interrelationships of a number of responses are involved, and in which it is difficult to understand the individual strategies without considering their relationships with each other (Cooper & Schindler, 2000).

#### Target Population:

A research population is generally a large collection of individuals or objects that is the main focus of a scientific query it is also known as a well-defined collection of individuals or objects known to have similar characteristics (Kothari, 2006). The target population was all 312 employees. In each department in the organization, the respondent was officers in charge. The population chosen has homogeneous characteristics. It is the complete set of employees with the same common observable characteristics (Mugenda & Mugenda, 2003). The respondents have additional characteristics which will enhance a detailed data collection because this group has qualities of a good population sample thus; diversity, representation, easy accessibility and have the data needed for investigation. .

Table: Target Population

Category	Population	Percentege
Finance and Accounts	82	27
Supply Chain Department	155	50
Information Technology	41	13
Other Departments (Marketing and Human Resources)	34	10
<b>Total</b>	<b>312</b>	<b>100</b>

#### SAMPLING FRAME AND SAMPLING TECHNIQUE:

Sampling is the process of selecting a sufficient number of individuals or objects from a population such that the selected group contains elements representative of the characteristics found in the entire group (Orodho and Kombo, 2002). The sample of respondents was determined using stratified sampling which relies on mere chance to determine who would be selected in the sample and called for random selection in the inclusion of the cases into the sample.

#### SAMPLE SIZE DISTRIBUTION:

Target population	Target Population	Sample proportion 40%	Sample Size
Finance and Accounts	82	33	33
Supply Chain Department	155	62	62
Information Technology	41	16	16
Other Departments (Marketing and Human Resources)	34	14	14
<b>Total</b>	<b>312</b>	<b>125</b>	<b>125</b>

### 4. DATA ANALYSIS AND INTERPRETATION OF FINDINGS

#### The Response Rate:

The researcher targeted a sample of 125 respondents from the Ministry of Finance Nairobi offices out of which 121 questionnaires were correctly and fully filed. This represented a 96.8% response rate. According to Babbie (2002) any response of 50% and above is adequate for analysis thus 92.5% is even better.

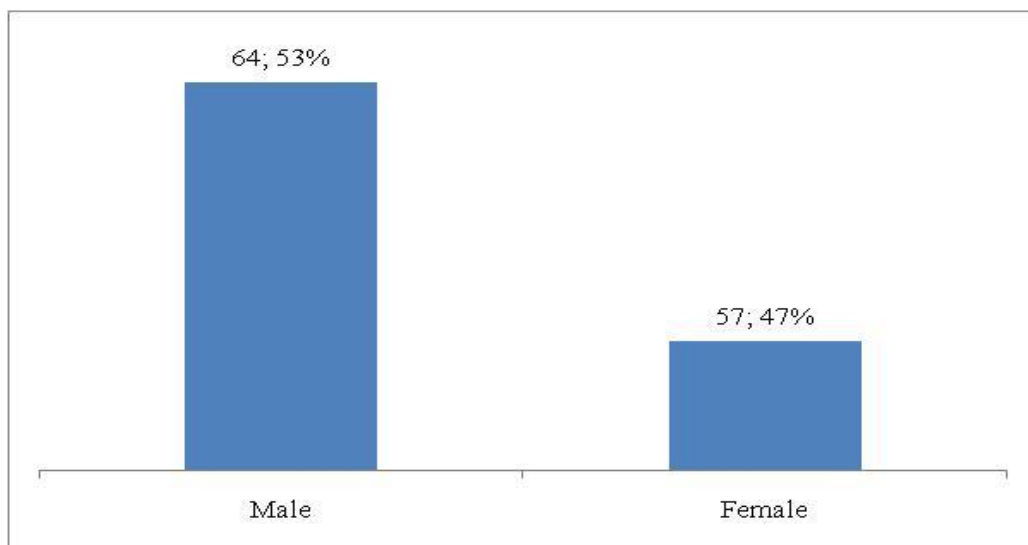
Table: Response rate

Target population	Distributed questionnaire	Returned questionnaires	Response rate (%)
Finance and Accounts	33	31	93.9%
Supply Chain Department	62	60	96.8%
Information Technology	16	16	100%
Other Departments (Marketing and Human Resources)	14	14	28%
<b>Total</b>	<b>125</b>	<b>121</b>	<b>96.8%</b>

Source: Author, 2017

**Gender of the respondents:**

Out of 221 respondents, a higher proportion (53%) was males while the rest were females (Figure).



Source: Author, 2017

**Gender of the respondents:**

**Age of the respondents:**

The researcher also sought to know the age bracket of the respondents. From the findings, a high proportion (29.4%) were aged between 40-44 years while 19.8% were aged between 30 -34 years, 24% were aged between 30 and 34 years and rest of the summary is as shown in table.

Age of the respondents

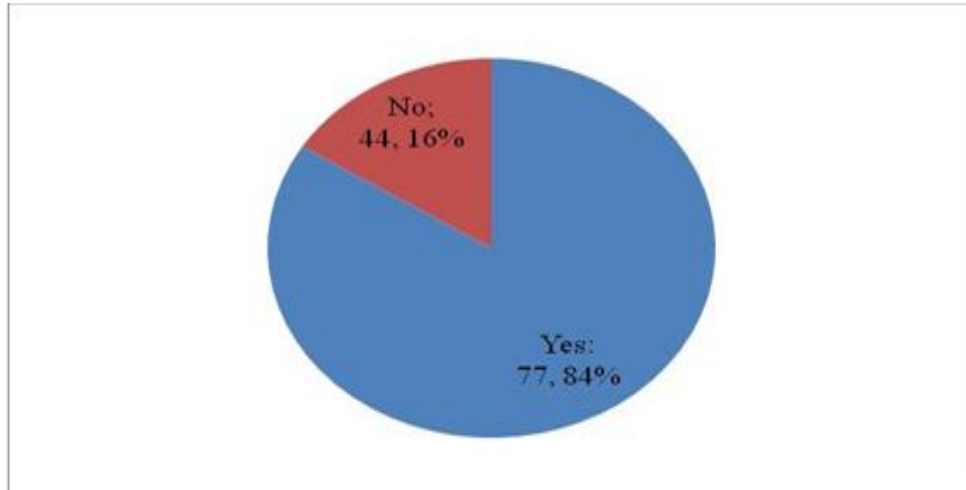
Age in yrs	f	%
25-29	20	16.5
30-34	24	19.8
35-39	21	17.4
40-44	36	29.8
45-49	11	9.1
50 +	9	7.4
<b>Total</b>	<b>121</b>	<b>100</b>

Source: Author, 2012

**The effects of staff in procurement process:**

**Regular Involvement of all staff in the tendering process:**

The researcher requested the respondents to indicate whether they were regularly involved in the tendering process when procuring services and goods using procedures indicated in the Procurement and Disposal Act, 2005 that enhance efficiency. From the findings 84% of the respondents indicated that they were regularly involved while 16% did not agree that all members of the procuring department were involved in the tendering process. From these findings we can deduce that tendering committees are solely responsible for the process and not all staff is picked to the committee (Figure).

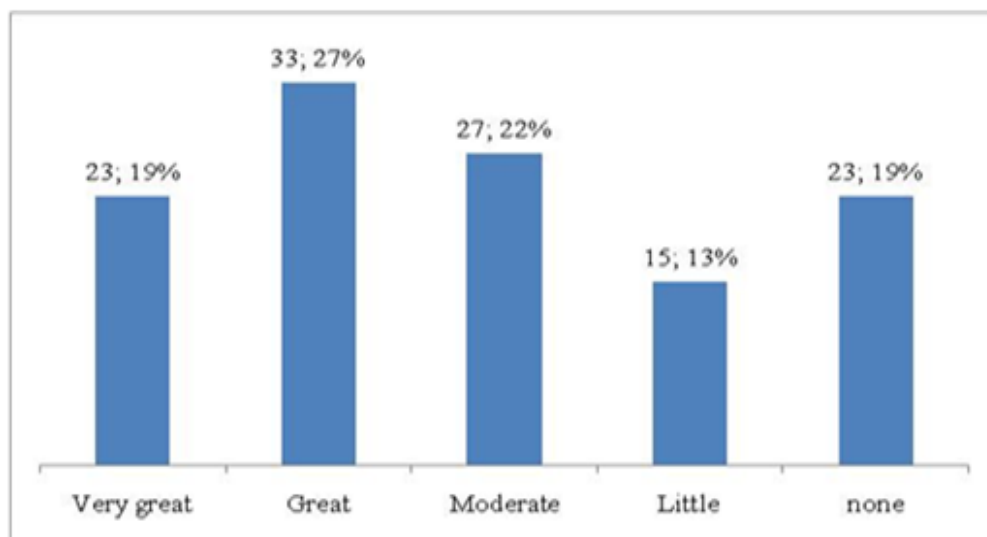


Source: Author, 2017

**Involvement in tendering:**

**Extent to which tendering is used in Procurement:**

The PDA, 2005 offers different methods of procurement that can be used in the public service, the researcher sought to know to what extent the staff in the procurement department were involved in choosing and implementing the tendering process. On the extent of involvement in the procurement process and specifically in tendering they had in their departments, 45.95% of the respondents indicated that involvement in the choosing and implementing of the tendering process was to a great extent with 19% saying to a very great extent, 21.62% had moderate involvement in procurement, 19% did not get involved at all in the process and 13.51% had been little involved in the department. This clearly shows that tendering is a crosscutting activity which involves majority of staff in the department.



Source: Author, 2017



**Extent of Involvement of staff in tendering:**

**Key emphasis in procurement process:**

The study sought to know to what extent staffs were parts of outcomes of the tendering process. From the findings publicity and transparency were to the great extent (64.5%) emphasized components of the tendering process that staffs were parts of during tendering processes while competition, integrity and efficiency were least components that were emphasized amongst staff (Table).

Emphasized components of procurement process.

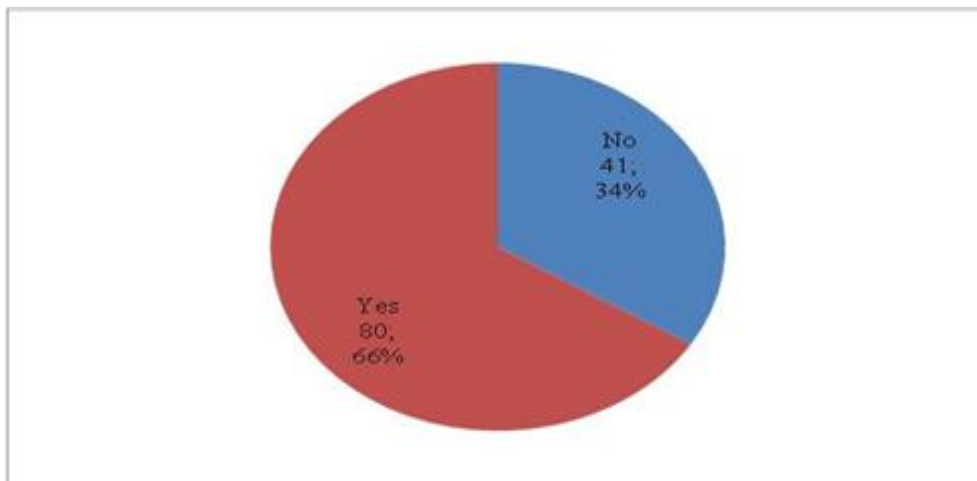
Emphasized components of tendering	Very great extent		Great extent		Moderate		Little extent		No extent	
	count	%	count	%	count	%	count	%	count	%
Efficiency	7	5.8	60	49.6	10	8.3	34	28.1	10	8.3
Integrity	4	3.3	59	48.8	25	20.7	30	24.8	3	2.5
Publicity	40	33.1	38	31.4	20	16.5	18	14.9	5	4.1
Transparency	35	28.9	5	4.1	58	47.9	10	8.3	13	10.7
Competition	5	4.1	6	5.0	61	50.4	9	7.4	40	33.1

Source: Author, 2017

**EFFECTS OF ORGANIZATIONAL POLICY AND REGULATIONS IN PROCUREMENT PROCESS:**

**INFLUENCE OF ORGANIZATIONAL POLICY AND REGULATIONS ON THE TENDERING PROCESS:**

The researcher aimed at understanding the role of the regulations set in the Public Procurement and Disposal Act, 2005 on the process of tendering. The findings were that a high proportion (80%) of the respondents said the regulations have an influence in the tendering process. This is an indication perhaps that there are notable differences in the tendering process after introduction of the regulations. On the other hand 20% said that there was no impact played by the regulations and this is an indication perhaps that there are areas that might require improvements or amendments so that the regulations can have a full impact on the tendering process.

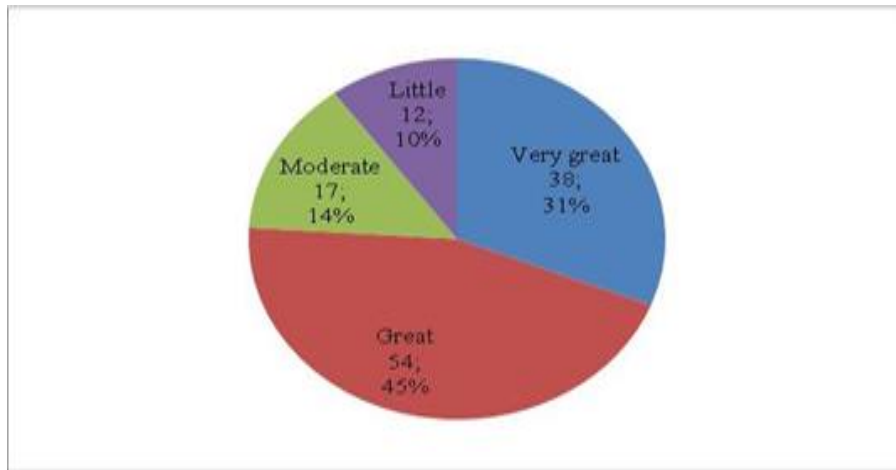


Source: Author, 2017

**Influence of regulations on tendering:**

**EXTENT TO WHICH POLICY AND REGULATIONS AFFECT PROCUREMENT PROCESS:**

The researcher aimed to get the extent of influence of organizational policy and regulations so as to have a clear understanding of the role of the regulations. Out of 121 respondents, 38% and 54% of the respondents termed it as to very great extent and great extent respectively while 14% and 10% terming it moderate and to little extent . This is an indication that the regulations have a defined role in the tendering process.



Source: Author, 2017

### ROLE OF ORGANIZATION POLICY AND REGULATIONS IN THE TENDERING PROCESS:

The role of the regulations should be better understood with the implications it has on the key emphasis of the tendering process, one being transparency. The researcher asked whether the regulations impacted the transparency of the process and to what extent. The results indicated that a high proportion (70.3%) of the respondents were of the opinion that the regulations greatly influenced the transparency in the public procurement tendering process, 20% perceived the influence as moderate while 7.5% said it was to a little extent and 2.7% no extent. This implied that the regulations play a role in ensuring transparency in the tendering process. Extent of regulations on transparency.

Extent of regulation influence on transparency	Frequency	Percentage
Very great extent	52	43.3
Great extent	33	27.0
Moderate extent	23	19.0
Little extent	9	8.1
No extent	3	2.7
<b>TOTAL</b>	<b>121</b>	<b>100.00</b>

Source: Author, 2017

### ORGANIZATIONAL POLICY AND REGULATIONS EFFECTIVENESS IN PROCUREMENT:

The findings indicated that the more than half (55%) of the respondents are of the opinion that the regulations in the Procurement and Disposal Act, 2005 have a great influence on effectiveness in the tendering process. 25% said the influence was moderate while 8.1% said the extent was little no extent, respectively.

Extent of regulations on effectiveness

Extent of regulation influence on effectiveness	Frequency	Percentage
Very great extent	26	21.6
Great extent	42	35.1
Moderate extent	33	27.0
Little extent	10	8.1
No extent	10	8.1
<b>TOTAL</b>	<b>121</b>	<b>100.00</b>

Source: Author, 2017

### EFFECTS OF TOP MANAGEMENT SUPPORT IN PROCUREMENT PERFORMANCE:

#### PROMOTION OF SOUND PROCUREMENT ACTIVITIES:

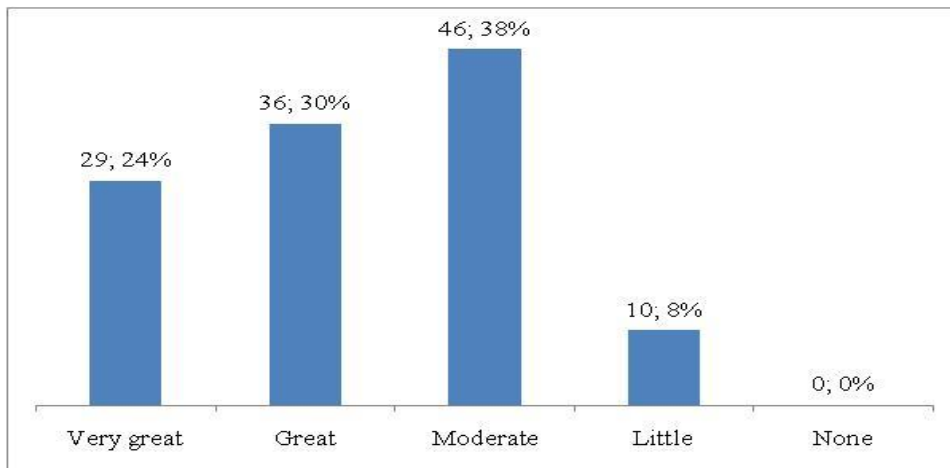
The researcher had recognized the will of the ministry's officials as a factor that influenced the procurement process and especially during tendering and thus aimed at understanding to what extent the top management has promoted an effective and sound procurement process. The findings showed that most (87.5%) of the respondents said that the top management was highly involved in promoting sound procurement activities. Promotion of sound procurement activities

Promotion of sound procurement activities	Frequency	Percentage
Yes	106	87.5
No	15	12.5
<b>TOTAL</b>	<b>121</b>	<b>100</b>

Source: Author, 2017

**EXTENT OF TENDERING ACTIVITIES IMPACT ON HR INFORMATION SYSTEMS:**

The researcher also requested the respondents to indicate the extent to which the tendering process during procurement of goods and services affects the major operations of the Directorate one which is coordinating human resources in the public sector. The results showed that 30% of the respondents indicated the extent to be great and 24% very great. This implied that the tendering process affects the core operation of the Directorate which is to coordinate human resources in the public sector. 38% also indicate that the impact is moderate while 8% indicated little extent.

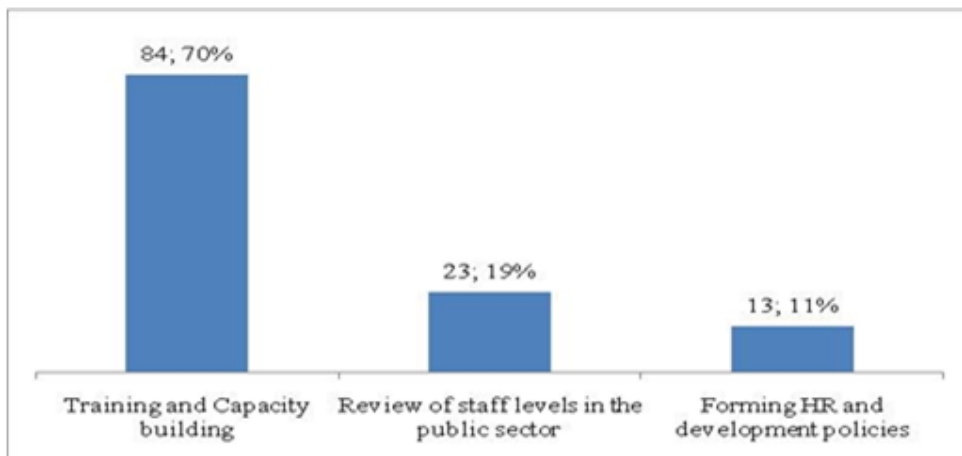


Source: Author, 2017

**Extent of tendering on HR information systems:**

**ACTIVITIES MOST DEPENDANT ON EFFICIENT TENDERING PROCESS:**

In an effort to determine the role of procurement activities on the operations of the Directorate the researcher requested the respondents to indicate the functions that are most dependants on an efficient tendering process. From the findings, 70% of the respondents said that training and capacity building. 19% indicated review of staff levels in the public sector and 11% saying forming of human resources and development policies. An indication that the Capacity building and training materials are the most procured items in the Directorate and thus require a sound and effective procurement process.



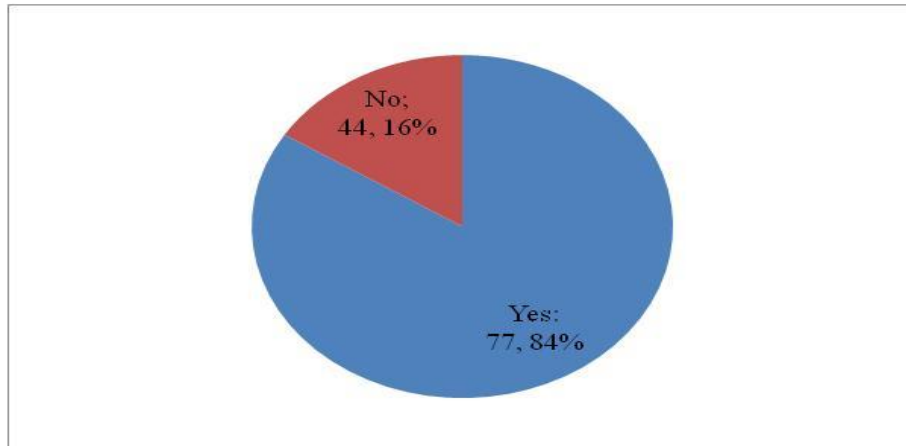
Source: Author, 2017

**Activities dependant on an efficient tendering process:**

**Role of ICT integration in procurement performance:**

**ICT integration in accountability and transparency:**

The researcher sought to know whether the ICT integration did promote accountability and transparency in procurement process, most (84%) of the respondents said that did promote as opposed to 16% of the respondents (Figure). This implied that ICT integration was vital in accountability and transparency of procurement process.

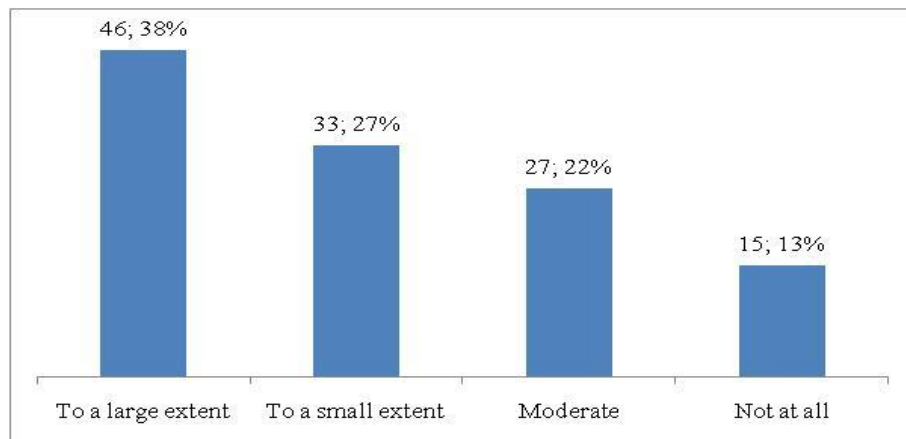


Source: Author, 2017

**ICT integration in accountability and transparency:**

**Extent to which ICT influence the effectiveness of procurement process**

The respondents were asked to what extent they perceived ICT integration influenced the effectiveness of procurement process, 38% of the respondents said it was to large extent while 33% and 27% of the respondents said to a small and moderate extent respectively (figure).



Source: Author, 2017

**Extent to which ICT influence the effectiveness of procurement process:**

**Summary:**

The study finds that challenges of the tendering process are lack of relevant ICT in the public sector and interests from external forces that hinder an efficient process of tendering in the public sector. The public procurement and disposal Act has positively impacted on the transparency and effectiveness levels of the tendering process with a large percentage of the respondents saying that there is a great or very great difference in the way the process is carried out. The findings of the study are also that the core operations of the Directorate are directly impacted by the procurement process and in particular the tendering process as the respondents have shown that procurement is a very frequent activity within the Directorate.

## **5. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

### **Effect of organizational policy and regulations on the procurement process:**

On the effects of the regulations on the public procurement tendering process, the study found that the regulations had changed the people involved in the process of tendering, the type and number of suppliers the process involved and the time it took for key procurements to be made.

In an effort to determine the extent to which the Procurement and Disposal Act has on the process of procurement the study found that it has a great extent of influence on the transparency and effectiveness of the tendering stage.

On the effects of the Procurement and Disposal Act, 2005 the study found out that adoption of the regulations improves quality of products and services procured through the methods provided for tendering. The Act also helps to reduce errors and reduces procuring costs but does not intervene in reducing external interference in the tendering process.

### **Effect of staff in procurement process activities on operations:**

In an effort to determine relationship between the tendering process and the operations of the public entity the research found that ineffectiveness of the process brought about a “don’t care” attitude amongst the staff due to constant interference in the tendering process. This is because the process has a direct relationship with the core functions of the Directorate. The lack of an easy process in procurement means that activities such as capacity building and sharing information on staff experiences delays.

### **ICT integration in accountability and transparency:**

ICT integration did promote accountability and transparency in procurement process; this implied that ICT integration was vital in accountability and transparency of procurement process. The ICT integration influenced the effectiveness of procurement process to a large extent according to the findings of this study.

### **Effects of top management support in procurement performance:**

The top management was highly involved in promoting sound procurement activities (Table 4.6.1). The results showed top management did influence the promotion of procurement activities to a large extent. Most activities within the directorate of top management is dependent on an efficient tendering process more especially the training and capacity building. An indication that the Capacity building and training materials are the most procured items in the Directorate and thus require a sound and effective procurement process.

## **DISCUSSIONS:**

Discussions on improving public procurement in Kenya as well as reform initiatives have centered on making the government acquisition process more efficient, essentially by blocking legal and procedural loopholes believed to be avenues for waste and corruption in the system. Consequently, much effort has been devoted in bringing together existing procurement regulations, including directives, into a single document the Public Procurement and Disposal of Assets Act, 2005—and to making this document clearly understood, easily accessible by and properly enforceable. These efforts remain valid and justified especially considering the general legislative and regulatory weakness that has characterized procurement in Kenya's public sector over the last four or so decades. Evidence assembled in this study, in particular the comparative analysis, appears to suggest that streamlining legislation alone may not sufficiently improve the performance of public sector procurement. Equal attention is required in at least three other important areas. First is the need to develop a broad procurement policy framework to ensure that government acquisition contributes meaningfully, alongside other economic growth strategies, to the achievement of desired national development outcomes. Indeed, besides fulfilling the business function, the sheer size of public procurement makes it a potent social, micro and macro-economic tool. Many of the countries surveyed have, for example, successfully exploited the immense government purchasing power to promote SMMEs in the manufacturing, services and construction sectors. Others, notably in Europe, Latin America and South East Asia have coalesced their procurement markets and used these to bolster initiatives on regional integration. A few have managed, through carefully designed tendering and pre-qualification regulations, to encourage good corporate practices and the use of environmentally acceptable production methods and inputs. In Kenya, the scope is huge for making public procurement work towards poverty reduction, wealth and employment creation and the attainment of the Millennium Development Goals (MDGs).

For these reasons, formulating Kenya's public procurement policy will also require a carefully selected mix of related policies to:

1. Obtain value for money, avoid wastage and improper usage of public funds and secure successful completion of proposals while allowing for national security, industrial development and environmental protection;
2. Harness procurement power to promote economic recovery, wealth and employment creation, and social goals while enforcing compliance with established public procurement rules; and
3. Balance pressures to buy from domestic and informal sources without compromising the formal private sector's enabling environment for business or losing out on the well-recognized economic benefits of international competition.

#### **CONCLUSION:**

This study concludes that public entities like any other entity are faced with the usual problems encountered in procurement such as conflict of interest and lack of transparency in the tendering process but due to the fact that the procurement in public entities takes a large scope, the necessary steps need be taken to make the process effective. The greatest step being full implementation of the Public Procurement and Disposal Act.

The study can also conclude that the Public Procurement and Disposal Act of 2005 have changed the process of tendering to a large extent making it easy for departments to procure necessary products and services.

#### **RECOMMENDATIONS:**

The study recommends that the Ministry take into consideration the coming up with policy and guidelines to ensure that the process of procurement is not interfered with by individuals who have interests in the transactions made and especially in the tendering stage.

- This can be done by coming up with committees to look into transparency and accountability issues in the process of tendering.
- The government's policy makers are also recommended to practice implementation of the regulations highlighted in the Act so that a fair playing ground can be created for all stakeholders.
- On their recommendations regarding adoption of the regulations pertaining to tendering in the public procurement process, the respondents suggested that regular restructuring should be done for those involved in the procurement process. Loopholes are also existent in the procurement and disposal Act which should be analyzed and reviewed by the Government. In the procurement sector, specific products have been developed to assist and support SMEs. One area that is not currently served, however, is the corporate practice of giving advances to suppliers. It is felt that there is an opportunity for a financial institution to take over this function and run it on behalf of corporate. This would relieve the corporate of the administrative burden, and would give the financial institution the ability to sell other financial products.
- Secondly, the efficiency of procurement needs to be improved. This would free up resources that could be applied usefully to other tasks. Currently this inefficiency is caused by poor procurement planning, payment delays, corruption, and poorly trained staff. Current legislation and policies concerning procurement are more than adequate, but what is needed is a strengthening of political will to ensure that their provisions are met. While KISM may not be able to address all these key constraints immediately, this report has suggested a few targeted interventions that may address some of the critical factors. In the long term, interventions such as training and publicity campaigns are resource heavy and take a long time to be effective, and while there is a definite need for such long term measures as training public sector procurement personnel, these measures will not produce a quick effect. However, in the short term, stopgap measures could be put into place until other mechanisms are developed.

In the long term, training and publicity campaigns are resource heavy and take a long time to be effective. While there is a definite need to train public sector procurement personnel, the development of curricula and the actual training will not be quick. In the short term, the following measures could be used to address some of these constraints as stopgap measures until other mechanisms are developed:

- Setting up of tender notice boards countrywide

It is suggested that KISM enters into discussion with one of the mobile phone operators in order to facilitate its setting up of tender notice boards outside relevant institutions countrywide. Discussions would of course need to be held with the GOK on this issue, but as it is a no-cost initiative for the GOK, it may accept it. Mobile phone operators would be interested as the boards could be branded and may come to be known as the Celtel or Safaricom tender Boards, for example. These boards would allow POs to place notices of tenders and their awards. The onus would be on the POs to ensure that the boards are updated. Some pressure from accounting officers in this regard would be welcome.

- Distribution of a calendar showing the workings of the PPDA, Supplies Practitioners Management Act and access to finance.

It is suggested that KISM enter into discussions with Equity Bank to fund a calendar that would outline the provisions of the Act in a simplified manner, as well as indicate relevant financial mechanisms Equity has available to suppliers. It was noted that all the offices visited had calendars on their walls. A report or other document may simply be placed in a pile in the corner, while a calendar allows for visibility and immediate access. Equity Bank has the most appropriate financial instruments, and would welcome the opportunity to use the calendar as a marketing tool. The attached legislation outline could be used as a base for the PPDA explanation. The calendar would also allow KISM to reach as many procurement and supply personnel as possible, and it would be a vehicle to promote KISM and its services.

- Supplier conferences.

It is suggested that KISM lobby for procurement entities to hold annual supplier conferences at the time that they announce their annual tender requirements. These conferences need only be for a morning. They would provide an opportunity for POs to outline their requirements and procedures, as well as allow suppliers to collect tender documentation.

- Supplements in daily newspapers.

It is suggested that KISM, in conjunction with a sponsor, take out a supplement in one of the daily newspapers. This would reach a large audience, and at the same time begin to instill some form of transparency in the procurement process. The text could then be laminated and placed on the tender notice boards as a permanent reminder.

#### **SUGGESTIONS FOR FURTHER STUDIES:**

From the study and related conclusions, the researcher recommends further research in the area of the effects of ICT in the procurement process in the public sector and the availability of ICT in the public sector.

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