

**PROCUREMENT PLANNING AND SERVICE DELIVERY IN STATE  
CORPORATION IN KENYA**

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REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS  
ADMINISTRATION, SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI**

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## DECLARATION

This research project is my original work and has not been presented for award in any other University.

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D61/61782/2010

This research project has been submitted for examination with my approval as the University supervisor.

Signature: ..... Date.....

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## **DEDICATION**

This is a dedication to my Loving family; Davis Muema and Ryan Wambua for their support in doing the MBA Project.

## **ACKNOWLEDGEMENT**

I would like to thank the entire University of Nairobi Postgraduate team especially the School of Business. I would also like to thank M r. Joel Lelei, my supervisor for his professional guidance on the project who assisted me in doing the thematic and content analysis for the project.

I would like to express my great appreciation to my Loving Parents who provided both financial and mutual support for my MBA project. My gratitude also goes to my siblings for providing me with emotional and psychological support through the whole MBA process.

## **ABSTRACT**

The study focused on procurement planning and service delivery in Kenyan state corporations. The objectives of the study were to establish the factors affecting service delivery and the relationship between procurement planning and service delivery in State Corporation in Kenya. Primary data was collected from executive directors and senior managers of the State Corporations using questionnaires. The data was analysed using percentages, means, standard deviations and frequencies. The information was also represented by use of bar charts, graphs and pie charts and in prose-form. The study found out that the main factors affecting procurement planning and service delivery in State Corporation in Kenya include corruption, provision of better infrastructures such as roads and electricity lagging behind for years, investment climate, government policies, challenge of limited skilled personnel to meet the rising needs of local people and challenge to get the right service provider with the equipments to do the job well. The study recommends further research on governments need to develop effective procurement planning and service delivery in the State Corporations by providing political and social economic changes in the efforts to give priority for the sector to be effective. is need for initiatives to be taken by the public to create a sustained and stable competitive strategy for the country's demand and to be able to adjust to foreign technologies needed in state corporation. From the study there is need for an effective procurement planning in the provision of service delivery by State Corporations.

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# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the study

Procurement Planning is seen to be important, and even more so in large and complex, multi-year and/or multi-million dollar requirements, where people will change over time or requirements will evolve and where risk and scrutiny increases (Kovacs, 2004). Procurement Planning is supported and encouraged by project management experts and government departments because the procurement/resulting contract can lead to dissatisfaction and time-consuming detours when it is not done; and its absence is usually the causal factor identified when auditing the entrails as to what went wrong in the procurement process experts and government departments (Agaba and Shipman, 2007). Kovacs (2004) defines procurement methods and procedures as the guidelines for or means of acquisition of appropriate goods and/or services at the best possible cost to meet the needs of the organization in terms of quality, quantity, time, and location. Thus, procurement methods and procedures must be appropriate to circumstances.

According to Agaba and Shipman, (2007), procurement planning is the process used by companies or public institutions to plan purchasing activity for a specific period of time. This is commonly completed during the budgeting process. Each year, departments are required to budget for staff, expenses, and purchases. This is the first step in the procurement planning process. Economic commission of Africa (2003) defines procurement planning as the purchasing function through which organization obtain products and services from external suppliers.

A good procurement plan will go one step further by describing the process you will go through to appoint those suppliers contractually. Whether you are embarking on a project procurement or organizational procurement planning exercise, the steps will be the same. First, define the items you need to procure (Arminas, 2002). Next, define the process for acquiring those items. And finally, schedule the timeframes for delivery. Procurement is thus one part of the commissioning process. It refers to a specific method of purchasing

services which involves tendering for a contract. Sometimes it is more appropriate for a public body to fund a service through the provision of a grant, but then it will have less control over the precise outcomes to be delivered (Lawino, 2009).

Service delivery as a deliberate obligatory decision by the elected or appointed officials to serve or deliver goods and services to the recipients. Service delivery framework is a set of principles, standards, policies and constraints used to guide the design, development, deployment, operation and retirement of services delivered by a service provider with a view to offering a consistent service experience to a specific user community in a specific business context. Service delivery framework is the context in which a service provider's capabilities are arranged into services (Helmsing, 1995).

Procurement process is a fundamental function that impacts on effective or 'ineffective' service delivery. There is no part of local government service delivery that does not depend on procurement of goods, services and works; and yet the area remains a neglected field of research (Oboth, 2001). According to Helmsing (1995) the importance of procurement reform in almost all country's settings can be demonstrated based on its scale and role in terms of service delivery, the amount of money wasted by existing practices, reduced competition, higher prices due to market perceptions of risk, as well as the demonstrated ability of countries to capture enormous savings through concerted efforts to strengthen their procurement function (Agaba and Shipman, 2007). State corporation has put in place provisions to ensure the realization of her long term objective of improving the quality of life of its citizens. Substantial resources have been committed towards improving service delivery in areas such as infrastructure development and maintenance, rural development, human development and governance, among others. In particular, it is noted that households do not only need income but also require adequate community infrastructure such as schools, health facilities, clean water, roads, energy, security, law and order etc (National Service Delivery Survey, 2008).

### **1.1.1 State Corporations in Kenya**

State Corporations commonly referred to in Kenya as Parastatal are established within the provision of State Corporations Act chapter 446 of the laws of Kenya, and given the autonomy to run and concentrate on specific mandates in order to improve service delivery to the public. Although they have Board of Directors or equivalent governing bodies to oversee the day-to-day operations, they operate within the general supervision of respective Ministries under which they are created. Pressure arises from ensuring compliance with the complex public procurement regulations but more importantly it arises from the need to achieve efficiencies and value for money targets.

There are approximately 125 state corporations in Kenya today which are divided into eight broad functional categories based on the mandate and core functions; the eight categories are: Financial Corporations, Commercial/ manufacturing Corporations, Regulatory Corporations, Public universities, Training and research Corporations, Service Corporations, Regional development authorities, Tertiary education and Training Corporations. The total number of State Corporations may have changed owing time lapse and creation of new ones.

The guidelines on terms and conditions of service for the state corporations released by office of President in consultation with state Corporation Advisory Committee in November 2004, stresses that state Corporation have no option but to embrace modern business management practices (Government Press, 2004). The guidelines go further to point out that each and every Corporation is expected to have a corporate strategy with clear goals, a set of values, objectives and a mission.

### **1.2 Research Problem**

The ultimate goal of procurement planning is coordinated and integrated action to fulfill a need for goods, services or works in a timely manner and at a reasonable cost. Early and accurate planning is essential to avoid last minute, emergency or ill-planned procurement, which is contrary to open, efficient and effective and consequently transparent

procurement. In addition, most potential savings in the procurement process are achieved by improvements in the planning stages. Procurement planning is necessary for better procurement performance which in turn leads to better service delivery by ensuring efficient acquisition of resources for service delivery. However, procurement planning alone may not contribute to better service delivery. Other factors such as organizational structure, tendering process, corruption, resource availability, and bureaucracy among others greatly impact service delivery.

A number of studies relating to procurement planning and service delivery have been done. For instance, Gitonga (2007) perceived effectiveness of performance contracts on service delivery at the ministry of immigration and regulation of births. Budi (2012) studied challenges in the management of procurement process within Kenya Rural Roads. Munene (2012) studied the incorporation of green purchasing as a best practice in procurement of in-flight products at Kenya Airways Limited. Osemebe (2005) studied the effects of operational management practices on the procurement of pharmaceutical products in developing countries: a case of Kenya Medical Supplies Agency (KEMSA). These studies identified several critical problems with Kenya's procurement system; weak oversight institutions, poor linkages between procurements and expenditures, delays and inefficiencies and poor records management. Despite the numerous studies on procurement planning, the aspect of service delivery in relation to procurement planning has been largely neglected therefore this study is intended to bridge the knowledge gap and seeks to determine how the two interrelates with reference to State corporations in Kenya.

Pressure is growing on public bodies to improve performance of how they procure goods, services and works contracts. This cannot be achieved without proper procurement planning to avail facilities for State Corporation to adequately provide these services to the citizens. Therefore the study seeks to answer the question on; what is the relationship between procurement planning and service delivery in State Corporation in Kenya and which factors affect the same?

### **1.3 Research Objectives**

- i. To establish the factors affecting service delivery in state corporation in Kenya
- ii. To determine the relationship between procurement planning and service delivery in state corporation in Kenya

### **1.4 Value of the Study**

The findings from the study may particularly be useful in providing additional knowledge to existing and future organizations on procurement planning on service delivery in State Corporation in Kenya to enable them remain competitive. This study may also be beneficial to all state corporations since they would enhance the realization on strategic planning measures that are majorly employed. The findings may also provide a useful reference document to stake holders in the State Corporation and academic institutions in their endeavors to formulate work plan to meet the performance.

The research will be helpful to identify further areas of research built on the findings of this research. The study may be a source of reference material for future researchers on other related topics; it may also help other academicians who undertake the same topic in their studies. The study may also highlight other important relationships that require further research; this may be in the areas of relationships between procurement planning and service delivery

It may help the policy makers within public and private sector in identifying crucial areas in their organizations and make appropriate decisions to ensure that strategic planning is critically emphasized on. Also, through this study leaders and managers in state corporations may learn and make responsible strategic plans and policy decisions that are meant to facilitate and sustain high organizational performance, and manage organizational and national resources so that corporations and societies can benefit from them in the future.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter presents the literature review on procurement planning and service delivery. The chapter has sub topics on procurement planning, procurement process, service delivery as a concept, factors that affects service delivery and the relationship between procurement planning and service delivery. The chapter concludes with a conceptual framework.

#### **2.2 Procurement Planning**

According to Agaba and Shipman, (2007), procurement planning is the process used by companies or public institutions to plan purchasing activity for a specific period of time. This is commonly completed during the budgeting process. Each year, departments are required to budget for staff, expenses, and purchases. This is the first step in the procurement planning process.

Economic commission of Africa (2003) defines procurement planning as the purchasing function through which organization obtain products and services from external suppliers. A good procurement plan will go one step further by describing the process you will go through to appoint those suppliers contractually (Lewis and Roehrich, 2009). Whether you are embarking on a project procurement or organizational procurement planning exercise, the steps will be the same. First, define the items you need to procure. Next, define the process for acquiring those items. And finally, schedule the timeframes for delivery. Procurement is thus one part of the commissioning process. It refers to a specific method of purchasing services which involves tendering for a contract. Sometimes it is more appropriate for a public body to fund a service through the provision of a grant, but then it will have less control over the precise outcomes to be delivered (Lewis and Roehrich, 2009).

Procurement planning is the process used by companies or institutions to plan purchasing activity for a specific period of time. This is commonly completed during the budgeting process (Weele, 2010). Each year, departments are required to request budget for staff, expenses, and purchases. This is the first step in the procurement planning process.

The budgets for all the departments are then reviewed, and in an organization that is committed to procurement planning, the accountants spend the time to find common purchasing requirements (Caldwell, Roehrich, and Davies, 2009). Based on the budgets submitted, they may direct departments to work with central purchasing to combine their planned spending for specific commodities. This process works best in an organization that is committed to reducing costs. Issues surrounding delivery dates, contract compliance, and customer service issues must be resolved internally before going out to contract (Lewis and Roehrich, 2009).

According to Caldwell, Roehrich, and Davies, (2009), concept of procurement is that advanced planning, scheduling, and group buying will result in cost savings, more efficient business operation, and therefore increased profitability. There are four steps that form the basis of procurement planning: group buying, just in time delivery, negotiated bulk pricing, and reduced administrative overhead.

Group buying is the process of combining the total resource requirements for different departments and creating one purchase order. The departments can be physically located in a range of buildings, with the delivery dates, quantities, and conditions listed in the purchase order. This practice is increasingly common in government and public sector firms, where the same item can be purchased for a range of different institutions (Caldwell, Roehrich, and Davies, 2009).

### **2.3 Procurement Process**

When accessing the needs of procurement, departments and agencies are responsible for realistically determining the goods they need and the manner in which they will be procured. They devise a mechanism, for planning in detail all proposed procurements



within its available resources, delivery time or completion date and benefits that are likely to accrue in future. Any unrealistic assessment of procurement would tend to minimize value for money or result in wastage of resources (Caldwell, Roehrich and Davies, 2009).

In risk assessment risks associated with the procurement of goods are identified and strategy is developed to manage them contingent plans are also formulated. Sometimes risks are transferred to the contractor when he is considered most appropriate to manage them. However, sharing of risks between both the parties in all the stages of procurement process is considered to be the best possible approach in managing risks (Caldwell, Roehrich and Davies, 2009).

Proper and detailed specification is critical to procurement of goods of right quality and need. It identifies what is required from the contractor and he is expected to bid against the specifications given in the bid document. Specifications can be simple or complex depending on the nature of procurement (Caldwell, Roehrich and Davies, 2009). In order to ensure fair and impartial competition the specifications should be defined in such a manner that it allow widest possible competition and should not favour any single contractor or supplier nor put others at a disadvantage. Specifications should be generic and should not include references to brand names, model numbers, catalogue numbers or similar classifications (Caldwell, Roehrich and Davies, 2009).

In the approval mechanism, the Procurement Agency provides clear authorization and delegation of powers for different categories of procurement. Procurements are initiated once approval of the competent authorities, as per authorization and delegation of powers, is accorded (Lewis and Roehrich, 2009). When selecting the method of procurement, open competition is considered to be the best basis for efficient public procurement to ensure that value for money has been obtained. Various methods of procurement are provided in the relevant manuals, rules and regulations and policy guidelines issued by the Governments and international institutions (Caldwell, Roehrich and Davies, 2009).

During prequalification of bidders, in case of procurement of expensive and technically complex goods, the procurement agency ensures that only technically and financially capable firms/contractors having adequate managerial capability are invited to submit bids (Lewis and Roehrich, 2009). This is done prior to floating of tenders, invitation to proposals or offers in procurement process. Such pre-qualification is solely based upon the ability of the interested parties to perform that particular work satisfactorily. The procurement agency while engaged in pre-qualification usually takes into consideration relevant experience, past performance, capabilities with respect to personnel, equipment, financial position, appropriate managerial capability of the contractors to ensure that contract will be performed successfully (Lewis and Roehrich, 2009). Pre-qualification process is notified and a set of pre-qualification documents is provided to all competitors. After pre-qualification process, the pre-qualified contractors are notified and they become entitled to participate further in the procurement process.

The bidding documents provide all the general and special conditions of contract and other necessary information to enable the potential bidder to clearly understand these requirements and submit his responsive bid in time. These documents define the risks and responsibilities of the buyer and the seller. The bidding documents should be carefully prepared by skilled professionals to ensure that all the terms and conditions of the procurement are incorporated in these documents and they are clear, precise and definite (Lewis and Roehrich, 2009).

This is post- advertisement stage in which the Procurement Agency issues bid documents to the prospective contractors to enable them to submit bid for award of contract. Bid documents form the basis of award of contract to the successful bidder. Bid documents are very comprehensive and include invitation to bid, instructions to bidders, form of bid, form of contract, general or specialized conditions of contract, specifications and drawings or performance criteria (where applicable), delivery time or delivery schedule, bill of quantities or list of goods, bid evaluation criteria, format of all securities, details of

standards to assess quality of goods and any relevant information required by the Procurement Agency (Caldwell, Roehrich and Davies, 2009).

Evaluation of bids is the most important stage in the procurement process that leads to selection of the successful bidder. The bids are evaluated against the performance criteria (technical, commercial and financial) already laid in the bid documents. For the comparison of bids quoted in different currencies, the price is converted into single currency specified in the bidding documents. After the bid is opened, no bidder is allowed to alter or modify his bid. The procurement agency will not introduce any condition which may discriminate between bidders. Award and signing of the contract is done on the basis of results of evaluation bid, the bidder with the lowest evaluated bid is awarded the procurement contract (Caldwell, Roehrich and Davies, 2009). The successful bidder furnishes the performance guarantee as per requirements specified in the bid documents. Usually no negotiation is allowed with the bidder having submitted the lowest evaluated bid or with any other bidder.

Contract administration is the implementation stage of the procurement process. A good contract administration is critical to the successful completion of a contract. A working mechanism is developed to ensure that it facilitates both parties to meet respective obligations as efficiently and effectively as possible (Caldwell, Roehrich and Davies, 2009).

#### **2.4 Service Delivery**

Oboth (2001) noted that in as far as the Local Government Act, the constitution and any other statutes that are studied, there is no definition of the phrase (service delivery) either deliberately or ignorantly. However he said, Service is a system or arrangement that supplies public needs. Whereas delivery is periodical performance of a service. Therefore service delivery is a system or arrangement of periodical performance of supplying public needs.

Helmsing (1995) in his study defines service delivery as a deliberate obligatory decision by the elected or appointed officials to serve or deliver goods and services to the recipients. Heskett (1987) defines service delivery as an attitudinal or dispositional sense, referring to the internationalization of even service values and norms. Customer care involves putting systems in place to maximise your customers' satisfaction with your business. It should be a prime consideration for every business - your sales and profitability depends on keeping your customers happy. It is more directly important in some roles than others. For receptionists, sales staff and other employees in customer-facing roles, customer care should be a core element of their job description and training, and a core criterion when you're recruiting (Athanasopoulos, 2000).

From the point of view of an overall sales process engineering effort, customer service plays an important role in an organization's ability to generate income and revenue. From that perspective, customer service should be included as part of an overall approach to systematic improvement. One of the most important aspects of a customer service KPI is that of what is often referred to as the "Feel Good Factor". Basically the goal is to not only help the customer have a good experience, but to offer them an experience that exceeds their expectations. Several key points are listed as follows (Barnes, 2004).

## **2.5 Factors Affecting Service Delivery**

Poor service delivery and governance remains an overwhelming challenge in most African countries and factors attributed to be affecting local governments include the following among other:

Infrastructure affects greatly on service delivery. For instance, in Kenya, the provision of better infrastructures has lagged being over years. There are poor roads and inadequate electricity supply and hence Kenya still stands in need of better infrastructures (Proceedings of National Investment Conference, 2003).

Public procurement, at the local government level, is believed to be one of the principle areas where corruption in Kenya takes place ("National Public Procurement

Integrity Baseline Survey," 2006). Corruption is disastrous to the sound functioning of any government department. Corruption has been an intractable problem in many developing countries; especially where it has become systematic to the point where many in government have a stake. It diverts decision-making and the provision of services from those who need them to those who can afford them (Langseth, Kato, Kisubi & Pope, 1997).

Lawal (2000) further asserts that corruption has been rampant among the senior civil bureaucrats to whom the public funds meant for developmental purposes are entrusted. Generally, wide-scale embezzlement by officials of the grassroots has made the needed development of the grassroots a tall dream and has rendered them financially incapable to discharge their constitutionally assigned responsibilities hence compromising service delivery.

At every stage of public procurement, there are risks of integrity. During the pre-bidding period; starting from needs assessment, common risks include lack of adequate needs assessment, planning and budgeting of public procurement, requirements that are not adequately or objectively defined, an inadequate or irregular choice of the procedure and a timeframe for the preparation of the bid that is insufficient or not consistently applied across bidders (OECD, 2007). All these concern the function of procurement planning. Should local government's procurement system fail to manage these risks, accountability and eventual service delivery is seriously threatened.

Despite the increase in the total amount of funds available to local government in Kenya, its economic and financial profile is still poor as compared to the development programme it is expected to carry out. This situation is not unconnected to the mismanagement and embezzlement of these funds by the local councils (Bailey, 1998).

Ahmed (2005) further noted that many local governments in Kenya, however, are unable to deliver services to residents. He said this might be because of lack of finances or lack of capacity to provide a good service at an affordable price. So local governments

should find other ways to ensure that the services are improved and reach the people most in need of them.

In the provision of public services, it is a challenge to get the actual providers to be accountable for quality and efficiency as well as to have the resources and management authority to do the job well. The general feeling in the hotspots is that political leadership lacks responsiveness to issues raised by communities, incompetent, prone to corruption and with high degree of disregard for the communities which also compromises the delivery of services in local governments.

The other contributing factor is that local ward committees are not fully operational, resulting in poor communication with communities. Ward committees have been the focus of considerable attention by government as well civil society, with substantial investment already made in an attempt to ensure that these structures have the necessary capacity and resources required for them to fulfill their envisaged roles as the voices of communities (Langseth, 1997). At the same time, questions that are often asked are how effective are these institutions; whether they are useful conduits for community involvement in local governance; whether, as created space for public participation, they are inherently capable of playing the critical role expected of them towards service delivery.

The local government Act requires all local governments to “take reasonable steps to ensure that their resources are used effectively, efficiently and economically”. Good financial management is the key to local delivery. It is quite disturbing to note that most local governments are generally associated with the worst form of financial management. Corruption, financial mismanagement and non-compliance with financial legislation are common. Consequently, this result to poor performance thus the delivery of social services is compromised.

Parasuraman et al (1996) points that skills deficit within local governments remains a major challenge. A significant number of local governments do not have the

managerial, administrative, financial and institutional capacity to meet the rising needs of local people. This situation is exacerbated by the decline of municipal professional and poor linkages between local government and tertiary education sector. As a result these local governments cannot meet their required performance standards hence impacting adversely on the delivery of services.

Indiscipline is rampantly perceived and well pronounced among the workers in local government (Hernon & Whitman, 2001). They further said that senior officers who travel to their families away from their offices on Friday return very late the following Monday or may decide to stay back till Tuesday; and the junior members of staff who directly or indirectly observe this more often than not are in the habit of playing truant with their jobs. Little or no commitment to duty has become a rule rather than an exception.

Hard-earned and limited resources accrued to and raised by local government are always mismanaged. Priorities are misplaced; projects are done not according to or as demanded by the people but regrettably in tune with the selfish end and aggrandizement of the political leadership in collaboration with the senior bureaucrats at the local government level of administration (Johan, 2006).

## **2.6 Relationship between Procurement Planning and Service Delivery**

Johan (2006) further came up with some important service delivery improvement slogans. He said he who fails to plan for service delivery, plans to fail delivering services to the public. And if it cannot be measured, it cannot be improved. If we only plan to comply with regulations, we are not managers, we are robots. What we plan we must implement. What we implement, we must monitor. We should not be afraid to ask the customer (citizens). They really do know best what they need and what they get. It is not always the same thing.

Basheka (2004) argues that procurement planning is one of the primary functions of procurement with a potential to contribute to the success of local government operations

and improved service delivery. It is a function that sets in motion the entire acquisition/procurement process of acquiring services in local governments. Increasing the effectiveness, efficiency and transparency of public procurement systems is an ongoing concern of governments in Developing Countries and the international development community. It has been widely recognised that increasing the effectiveness of the use of public funds, including funds provided through official development assistance (ODA) requires the existence of a national procurement system that meets international standards and that operates as intended (Mawhood, 1983).

Mullins (2003) asserts that the contribution of procurement planning in facilitating an efficient and effective service delivery in public sector organizations is generally undisputed in both developed and developing countries. Its contribution can be at both central and local government levels of public sector management. His findings revealed a significant positive relationship between procurement planning and service delivery in local government procurement systems in Kenya. These results are compared to international research findings, and suggestions are offered for management, policy making, and future research.

Procurement Policy Manual (2009), procurement planning drives different expected results which are different from business as usual such as: reduction in the number of overall contract awards, understanding and managing total cost of ownership, more purchasing options (lease vs. buy), data-driven decision making, improved risk mitigation prior to award, more identification of opportunities where suppliers can add value, improved relationships with suppliers which leads to improved service delivery

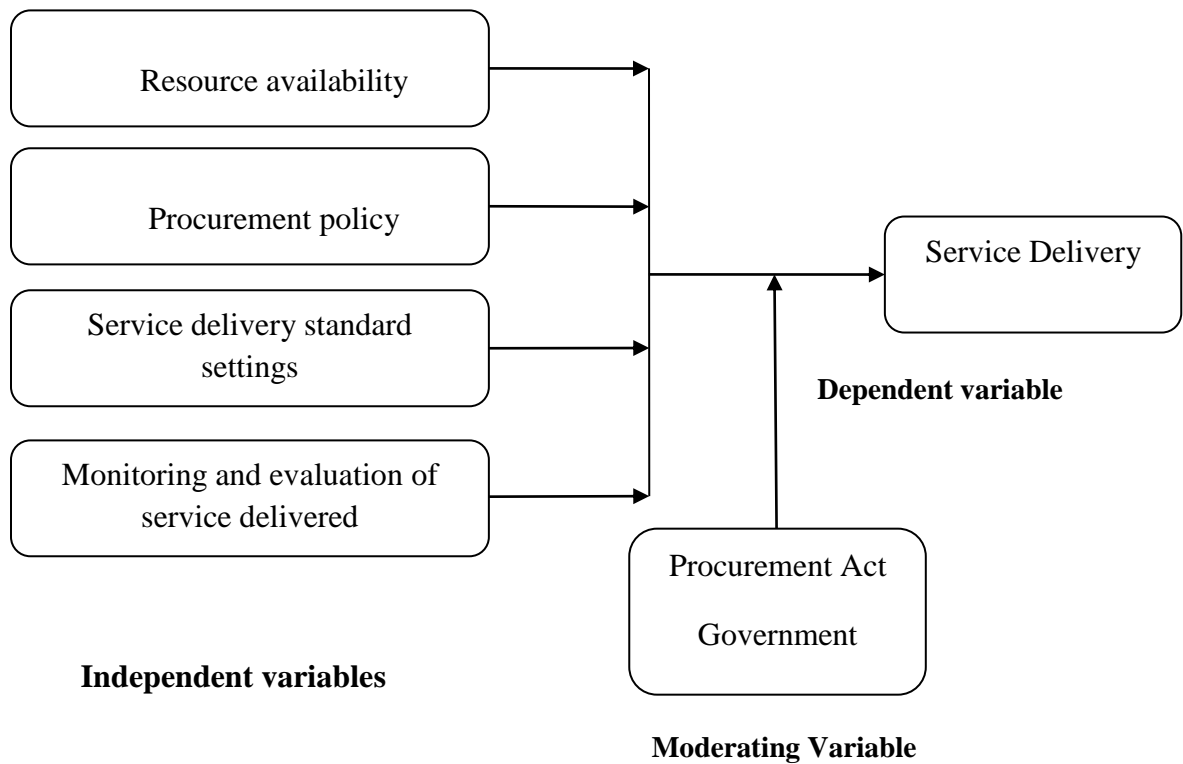
Mawhood (1983) further adds that effective procurement planning is an important route towards securing the right service to be delivered to the public, and also maximizing the level of service provision which can be achieved within the local Supporting People. A procurement plan helps Procuring Entities to achieve maximum value for expenditures on services to be delivered and enables the entities to identify and address all relevant issues pertaining to a particular procurement before they publicize their procurement



notices to potential suppliers of goods, works and services.

## 2.7 Conceptual framework

The Independent variables in this research is the service delivery. Resource availability, procurement policy, service delivery standard settings and monitoring and evaluation of service delivery are the dependent variable.



## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

The chapter covers research design, target population, sample and sampling techniques, data collection and data analysis techniques.

#### **3.2 Research Design**

The research design used in this study was descriptive survey method. A descriptive survey attempts to describe or define a subject often by creating a profile of a group of problems, people or events through the collection of data and tabulation of the frequencies on research variables or their interaction as indicated.

#### **3.3 Target Population**

The target population of this study consisted of all the 125 state corporations as shown in Appendix II.

#### **3.4 Sample and Sampling Procedure**

The study used stratified random sampling technique to select a sample of 38 corporations from a population of 125 State Corporation in Kenya. The eight functional categories of state corporation as categorized by state corporation advisory committee were treated as strata after which simple random sampling were done proportionate to the number of corporations in each stratum. The goal of stratified random sampling is to achieve the desired representation from various sub-groups in the population. Mugenda and Mugenda (2003), states that a sample of 20% is considered representative for a population less 500. So if the population is less or equal to 20% it is appropriate to carry out census study. The sample size is justified by 20% since it minimized the duplicity and redundancy of the data to be obtained and the size would be large enough to ensure collection of comprehensive data. Table 3.1 shows sampling that was done on respective functional categories.

**Table 3.1 Sample**

| <b>Category of corporation</b>               | <b>Population size</b> | <b>Sample size</b> |
|--|------------------------|--------------------|
| Financial Corporations                       | 15                     | 5                  |
| Commercial/Manufacturing Corporations        | 31                     | 9                  |
| Regulatory Corporations                      | 26                     | 8                  |
| Public Universities                          | 6                      | 2                  |
| Training And Research Corporations           | 11                     | 3                  |
| Service Corporations                         | 25                     | 7                  |
| Regional Development Authorities             | 6                      | 2                  |
| Tertiary Education And Training Corporations | 5                      | 2                  |
| <b>Total</b>                                 | <b>125</b>             | <b>38</b>          |

### **3.5 Data Collection Procedure**

The study used primary data which were collected using questionnaire. The study sought responses from executive directors and senior managers of the target Corporations owing to their experience and participation in strategy processes in their Organizations.

The questionnaire was divided into three sections where section A covers general information, section B focused on factors affecting service delivery and section C focused on relationship between procurement planning and service delivery. The questionnaires were administered through ‘drop and pick later’ method.

### **3.6 Data Analysis**

The process of data analysis involved several stages; the completed questionnaires were edited for completeness and consistency, checked for errors and omissions and then coded. Tables, Pie charts and other graphs were used as appropriate to present the data collected for ease of understanding and analysis. Descriptive, correlation, linear regression analysis, demographics were analysed using frequencies and percentages and

factor analysis was also used. The model specification is as follows. The regression model was as follows:

$$y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

**Where:**

y = Procurement Planning

$\beta_0$  = Constant Term

$\beta_1$  = Beta coefficients

$X_1$  = Resource availability planning

$X_2$  = Procurement Policy.

$X_3$  = Service delivery standard settings

$X_4$  = Monitoring and evaluation of service delivery

$\epsilon$  = error term

$\beta$  = coefficient

$\alpha$  = constant

## **CHAPTER FOUR**

### **DATA ANALYSIS AND INTERPRETATION**

#### **4.1 Introduction**

This chapter provides an analysis of data collected from the field on procurement planning and service delivery in State Corporation in Kenya. The analysis was done by analyzing questionnaires collected from State Corporation. A total of 50 questionnaires were distributed and 43 were collected having been filled completely. This constituted a response rate of 86% which according to Mugenda Mugenda (1993) a response rate of more than 80% is sufficient for a study. Data collected from the field was sorted and later analyzed using statistical package for social sciences (SPSS) software. The results are presented in tables and figures to highlight the major findings. They are also presented sequentially according to the research questions of the study. Mean scores, standard deviations analysis and regression analysis were used to analyze the data collected. The raw data was coded, evaluated and tabulated to depict clearly the results on procurement planning and service delivery in State Corporation in Kenya.

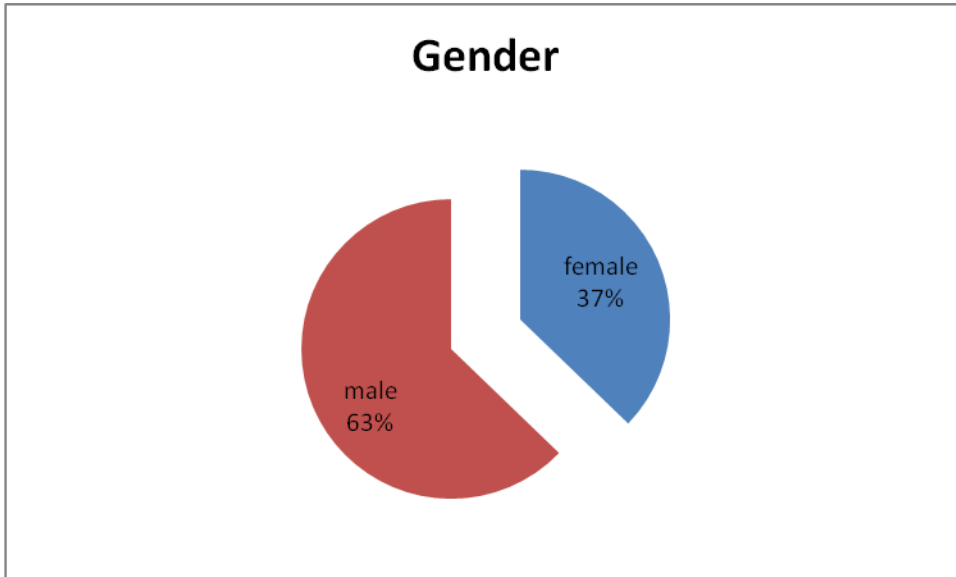
#### **4.2 Demographic Characteristics**

The study sought to establish the information on the respondents employed in the study with regards to the gender, age, their level of education and duration of service. These bio data points at the respondents' appropriateness in responding to the study questions required for the study to be complete.

##### **4.2.1 Gender of the respondents**

The respondents were asked to show their gender, this was expected to guide the researcher on the conclusions regarding the degree of congruence of responses with the gender characteristics on procurement planning and service delivery in State Corporation in Kenya. The results of the study are presented in the figure below.

**Figure 4.1: Distribution of Gender**

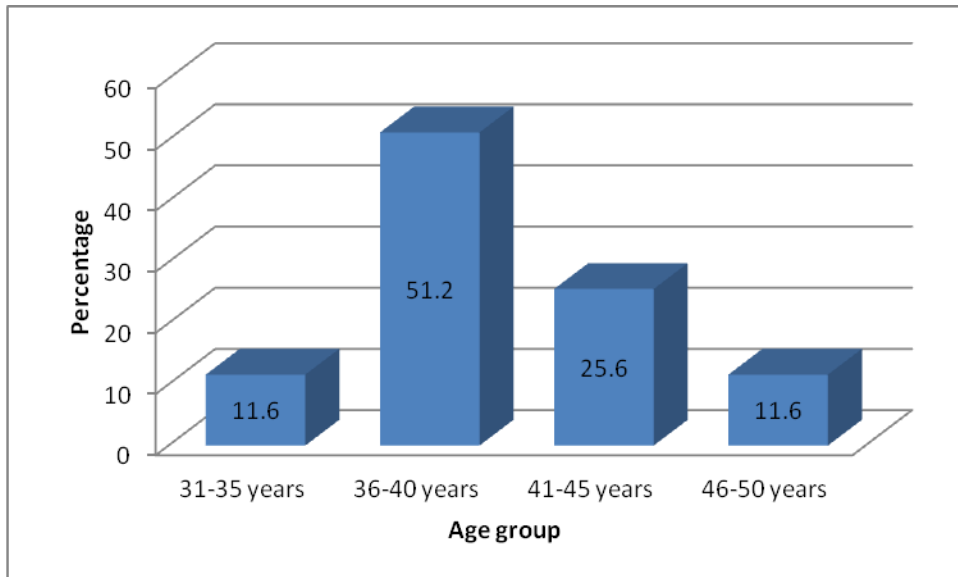


The results as shown in the figure 4.1 show that majority of the respondent were male at 63% while female was 37%. The results indicate that majority of the executive directors and senior managers in the State Corporation are men.

#### **4.2.2: Respondents' age group**

This area of the study, the researcher sought to know the age category of the respondents. This was expected to guide the researcher on understanding the most active age group in regards to procurement planning and service delivery in State Corporation in Kenya. Figure 4.2 shows that the study findings.

**Figure4.2: Age group**

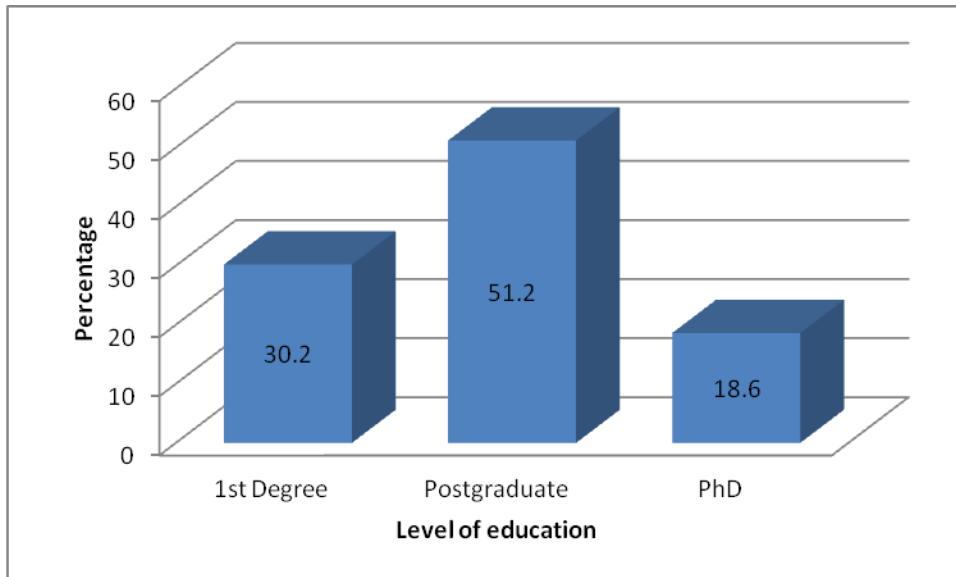


On age category, the research found that 11.6% of respondents were aged between 31-35 years, 51.2% were aged 36-40 years, 25.6% were aged above 41-45 years and the rest of the respondents 11.6% were aged between 46-50 years. From these findings, most of the respondents in State Corporation belong to an age category of 36-40 years. This is the most active age group hence they are actively involved in running of State Corporation, therefore they had rich experiences, could also appreciate the importance of the study.

#### **4.2.3 Level of education**

Figure 4.3 indicates the study results of the respondents' level of education. This was to help the researcher understand the level of education of the executive directors and senior managers in State Corporation.

**Figure 4.3: Level of education**



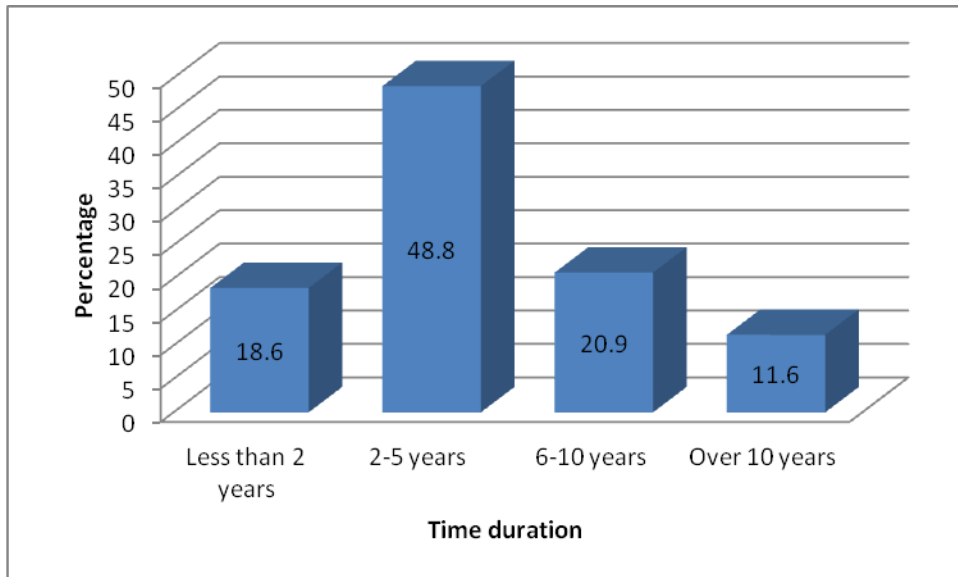
The study findings indicate that 30.2% of the respondents are first degree graduates, 52.3% are postgraduate degree holders and 18.6% had PHDs. All State Corporations executive directors and senior managers were found to be degree holders therefore, provided information based on the academic knowledge, skills and experience they have gain in financial management.

#### **4.2.4 Period served in the organization**

The respondents were asked to indicate the number of years they had worked in the organization. This was expected to help the researcher know the kind of experience the executive directors and senior managers had and how effective they would be able to give information about the institution. The results are shown in figure below.



**Figure 4.4: Period served in the organization**

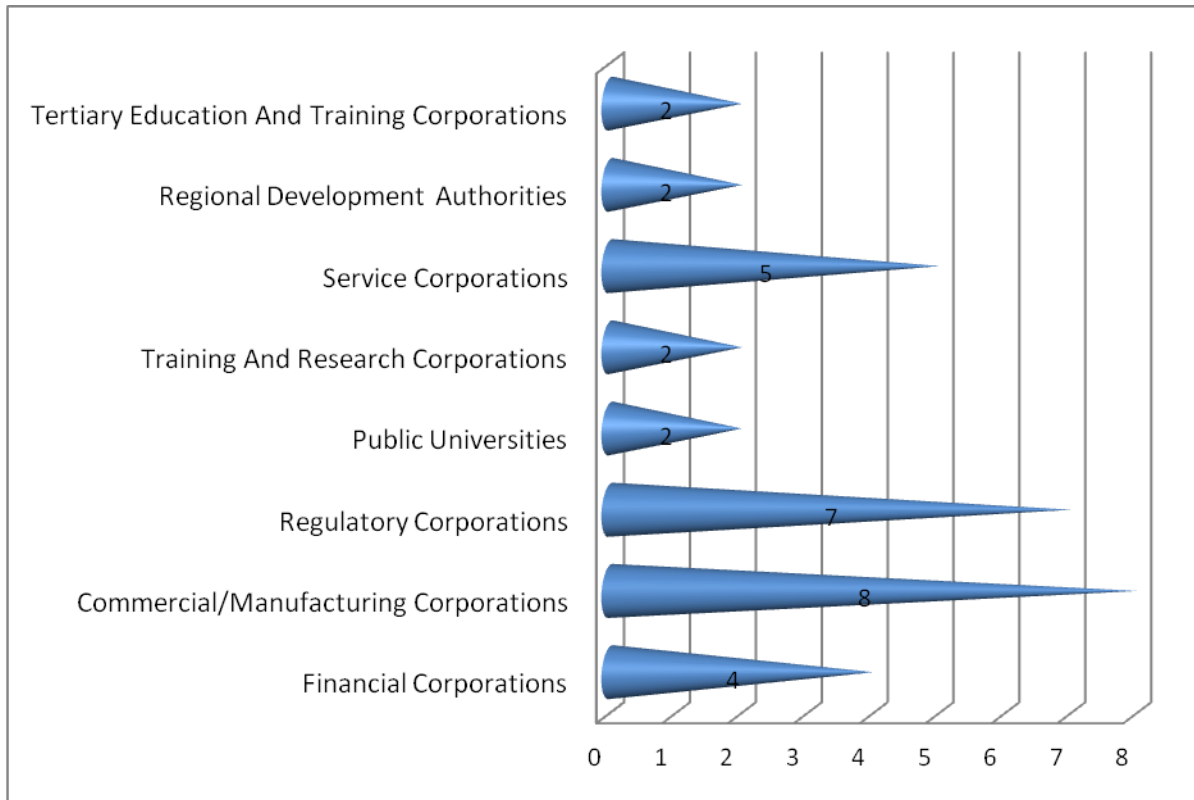


From Figure 4.4, 18.6% of the respondents have been in the institution for less than 2 years, majority of the respondents (48.8%) had worked in the institution between 2 and 5 years, while 20.9% had worked between 6 and 10 years and 11.6% have been in the institution for over 10 years. The findings therefore indicated that majority of the executive directors and senior managers had worked in the institution for a considerable period of time and thus were familiar about the procurement planning and service delivery in State Corporation in Kenya.

#### **4.3 Functional category of the state corporation**

The study aimed at a sample of 38 corporations from a population of 125 State Corporation. The respondents were asked to indicate the functional category of the corresponding strata. The results are shown in figure below.

**Figure 4.5: Functional category of the state corporation**



From Figure 4.5, the study found out that 8 of the respondents were from commercial/manufacturing corporations, 2 were from tertiary education and training corporation, 2 of the respondents were from regional development authority, 7 were from regulatory corporation, 2 were from public universities, 2 from training and Research Corporation, 5 from Service Corporation and 4 were from financial Corporations.

#### **4.4 Factors affecting Service Delivery**

The study in this part aimed at identifying the factors affecting service delivery in regards to procurement planning and service delivery in State Corporation in Kenya. The factors were rated with the extent of agreement or disagreements i.e. No extent (1), little extent (2), moderate extent (3), large extent (4), and very large extent (5).

**Table 4.4.1: Factors affecting Service Delivery**

| <b>Descriptive Statistics</b>  | <b>Mean</b> | <b>Std. Deviation</b> |
|--|-------------|-----------------------|
| Corruption.  | 4.8372      | .87097                |
| Poor infrastructure such as roads and electricity.                           | 3.7442      | .78961                |
| Lack of finances to support provision of services.                           | 3.4419      | .93356                |
| Difficulty in getting the right service provider                             | 2.1628      | 1.17372               |
| Inadequate equipment for service provision.                                  | 4.0465      | 1.04548               |
| Poor communication with communities being served.                            | 3.9302      | 1.03269               |
| Limited skilled personnel to meet the rising needs of local people.          | 3.0000      | .78680                |
| Misplaced Priorities.  | 4.4419      | .79589                |
| Absence of accountability that creates uncertainty                           | 4.2558      | .78961                |
| Poor of compliance of service delivery guidelines                            | 3.9302      | .70357                |
| Poor specification of service needed by user                                 | 4.4419      | .79589                |
| Poor compliance with service charter   | 4.3953      | .65971                |
| Lack of monitoring and evaluation mechanism.                                 | 4.0930      | .71760                |
| Lack of database to consolidate all information needed for service delivery. | 4.3488      | .68604                |
| Incomprehensible documents for service.                                      | 4.4186      | .66306                |

Table 4.4.1 represents the descriptive statistics on procurement planning and service delivery in State Corporation in Kenya. The results show that respondents strongly agreed to the statements that Corruption hampers the provision of services since funds meant for these services are embezzled, provision of better infrastructures has lagged being over years and profitability and the fact that it is a challenge to get the right service provider with the equipments to do the job well with means of 4.8372, 3.7442 and 2.1628 and standard deviations of 0.87097, 0.78961 and 1.04548 respectively. The respondents disagreed on the statements that; the state corporation is unable to deliver services to residents because of lack of finances to buy the

services, Public resource management systems in our district provide basic structure with a mean of 1.7442 and 3.9302 and standard deviation between 0.93356 and 0.70357 respectively. Respondents strongly disagreed on poor communication with communities in state corporation has also hampered the delivery of services in the area, the state corporation faces a challenge of limited skilled personnel to meet the rising needs of local people, the liberalization of press increased awareness of citizens, absence of accountability creates uncertainty with a mean above 3.0000 and a standard deviation of between 0.78961 and 1.03269. Respondents neither agreed nor disagreed on statement that priorities are misplaced because projects are done not according to or as demanded by the people with a mean of 3.0000 and a standard deviation of 0.78680.

#### **4.5 Factor analysis on Key Indicators of Procurement Planning and Service Delivery**

The respondents were asked to indicate any key indicators of procurement planning and service delivery in State Corporation in Kenya. Factor analysis has been used because of the concern of decomposing the information content in a set of variables into information about an inherent set of latent components/factors. The study results are shown in Table 4.2.

**Table 4.2: Communalities**

|  | Initial | Extraction |
|--|---------|------------|
| Procurement planning in organization entails consulting key service stakeholders                             | 1.000   | .985       |
| Procurement planning helps budgetary proposals that seek to approval service delivery.                       | 1.000   | .985       |
| Procurement planning identifies sources of funding service delivery  | 1.000   | .989       |
| Procurement planning ensures that the organization makes clear Terms Of Reference (TOR) for service delivery | 1.000   | .986       |
| Procurement planning ensures that the organization makes clear Statement of Work (SOW) for service delivery. | 1.000   | .989       |

|   |       |      |
|---|-------|------|
| Procurement planning sets in motion the entire procurement process of acquiring services in government corporation                    | 1.000 | .986 |
| Procurement planning integrates the organization operations and improved service delivery   | 1.000 | .989 |
| Procurement planning drives expected results which impact on service delivery   | 1.000 | .986 |
| Procurement planning establishes effective procedures to control wasteful spending in procurement of goods/services.                  | 1.000 | .989 |
| Procurement planning ensures availability of resources for service delivery.  | 1.000 | .986 |
| Procurement planning ensures Management and staff adhere to the procurement system for service delivery.                              | 1.000 | .989 |
| Procurement planning helps facilitates efficient and effective service delivery in the organization.                                  | 1.000 | .898 |
| Procurement planning helps to achieve the maximum value for expenditures on services to be delivered.                                 | 1.000 | .970 |
| Procurement planning provides for monitoring and evaluation of service delivered.   | 1.000 | .756 |
| Procurement planning enforces regulatory relating to service delivery.  | 1.000 | .880 |
| Procurement planning carryout policy analysis that contributes to service delivery improvement.                                       | 1.000 | .970 |
| Procurement planning involves local communities in decision making process so as to meet service delivery needs.                      | 1.000 | .940 |
| Procurement planning provides interventions where service delivery is not up to expectation.  | 1.000 | .989 |
| Procurement planning ensures that staff effectively coordinates their efforts with others to improve the quality of service delivery. | 1.000 | .898 |

|  |       |      |
|--|-------|------|
| Procurement planning enforces policies to support improving the quality of service delivery.   | 1.000 | .989 |
| Procurement planning enables the Organization works closely with suppliers to provide resources for improving the quality of their service delivery. | 1.000 | .945 |
| In procurement planning the Organization tries to design quality into new services as they are being developed.                                      | 1.000 | .853 |
| In procurement planning the services which the Organization provides are thoroughly tested for quality before they are implemented.                  | 1.000 | .757 |
| In procurement planning the Organization ensures employees keep service delivery records.  | 1.000 | .608 |
| Procurement planning contributes to service delivery needs identification.   | 1.000 | .883 |
| Extraction Method: Principal Component Analysis.   |       |      |

Table 4.2 represents the communalities on procurement planning and service delivery in State Corporation in Kenya. The finding on Communalities on each variable's variance that can be explained by the factors (e.g., Procurement planning in organization entails consulting key service stakeholders. With principal factor axis factoring, the initial values on the diagonal of the correlation matrix are determined by the squared multiple correlation of the variable with the other variables. Extraction column indicate the proportion of each variable's variance that can be explained by the retained factors. Variables with high values are well represented in the common factor space, while variables with low values are not well represented.

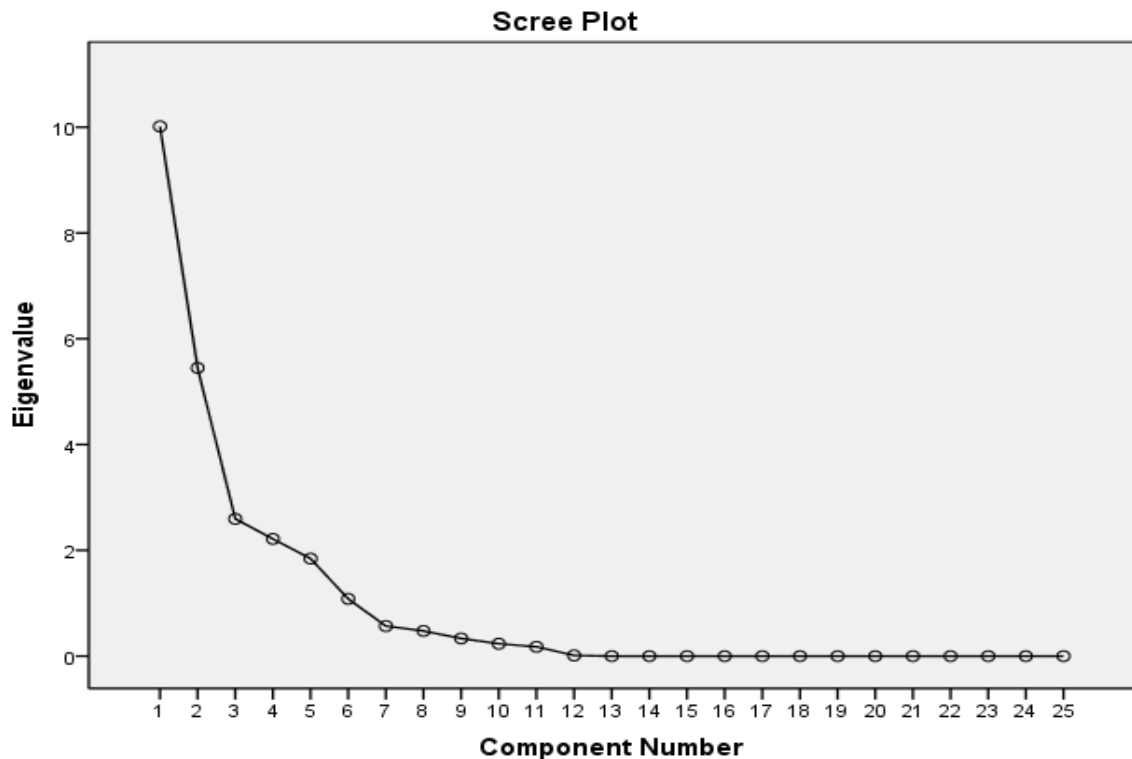
**Table 4.3: Total Variance Explained**

| Component | Initial Eigenvalues |               |              | Extraction Sums of Squared Loadings |               |              |
|-----------|---------------------|---------------|--------------|-------------------------------------|---------------|--------------|
|           | Total               | % of Variance | Cumulative % | Total                               | % of Variance | Cumulative % |
| 1         | 10.015              | 40.060        | 40.060       | 10.015                              | 40.060        | 40.060       |
| 2         | 5.448               | 21.793        | 61.853       | 5.448                               | 21.793        | 61.853       |
| 3         | 2.595               | 10.379        | 72.232       | 2.595                               | 10.379        | 72.232       |
| 4         | 2.216               | 8.864         | 81.096       | 2.216                               | 8.864         | 81.096       |
| 5         | 1.842               | 7.369         | 88.465       | 1.842                               | 7.369         | 88.465       |
| 6         | 1.083               | 4.331         | 92.796       | 1.083                               | 4.331         | 92.796       |
| 7         | .569                | 2.275         | 95.071       |                                     |               |              |
| 8         | .475                | 1.901         | 96.972       |                                     |               |              |
| 9         | .334                | 1.335         | 98.308       |                                     |               |              |
| 10        | .234                | .937          | 99.245       |                                     |               |              |
| 11        | .176                | .706          | 99.950       |                                     |               |              |
| 12        | .012                | .050          | 100.000      |                                     |               |              |
| 13        | 5.896E-16           | 2.358E-15     | 100.000      |                                     |               |              |
| 14        | 1.635E-16           | 6.540E-16     | 100.000      |                                     |               |              |
| 15        | 6.714E-17           | 2.686E-16     | 100.000      |                                     |               |              |
| 16        | 1.369E-17           | 5.477E-17     | 100.000      |                                     |               |              |
| 17        | 1.666E-19           | 6.663E-19     | 100.000      |                                     |               |              |
| 18        | 1.386E-19           | 5.546E-19     | 100.000      |                                     |               |              |
| 19        | 1.031E-19           | 4.123E-19     | 100.000      |                                     |               |              |
| 20        | -3.251E-38          | -1.300E-37    | 100.000      |                                     |               |              |
| 21        | -1.164E-22          | -4.656E-22    | 100.000      |                                     |               |              |
| 22        | -1.031E-19          | -4.124E-19    | 100.000      |                                     |               |              |
| 23        | -1.387E-19          | -5.547E-19    | 100.000      |                                     |               |              |
| 24        | -1.670E-19          | -6.681E-19    | 100.000      |                                     |               |              |
| 25        | -6.485E-17          | -2.594E-16    | 100.000      |                                     |               |              |

Extraction Method: Principal Component Analysis.

Eigenvalues are the variances of the factors. Because we conducted our factor analysis on the correlation matrix, the variables are standardized, which means that each variable has a variance of 1, and the total variance is equal to the number of variables used in the analysis, in this case, 6. The Total column contains the eigenvalues. The first factor accounts for the most variance (and hence has the highest eigenvalue), and the next factor will account for as much of the left over variance as it can, and so on as shown in table 7. Hence, each successive factor will account for less and less variance. Cumulative column contains the cumulative percentage of variance accounted for by the current and all preceding factors. For example, the third row shows a value of 92.796. This means that the first three factors together account for 92.796% of the total variance.

**Figure 4.7 Scree Plot**



The scree plot graphs the eigenvalue against the factor number. Figure 4.7 shows that the fourth component is almost in a flat line, meaning that each successive factor is accounting for smaller and smaller amounts of the total variance.



#### 4.5.2 Component Matrix

**Table 4.4: Factor Analysis (Component Matrix)**

|  | Component   |              |       |       |      |       |
|--|-------------|--------------|-------|-------|------|-------|
|  | 1           | 2            | 3     | 4     | 5    | 6     |
| Procurement planning in organization entails consulting key service stakeholders                                     | <b>.621</b> | -.120        | .251  | .694  | .196 | .040  |
| Procurement planning helps budgetary proposals that seek to approval service delivery.                               | .621        | <b>-.690</b> | .251  | .694  | .196 | .040  |
| Procurement planning identifies sources of funding service delivery  | <b>.961</b> | .124         | -.150 | -.157 | .053 | -.029 |
| Procurement planning ensures that the organization makes clear Terms Of Reference (TOR) for service delivery         | -.231       | <b>.893</b>  | -.333 | .074  | .140 | .018  |
| Procurement planning ensures that the organization makes clear Statement of Work (SOW) for service delivery.         | <b>.961</b> | .124         | -.150 | -.157 | .053 | -.029 |
| Procurement planning sets in motion the entire procurement process of acquiring services in government corporation   | -.231       | <b>.893</b>  | -.333 | .074  | .140 | .018  |
| Procurement planning integrates the organization operations and improved service delivery                            | <b>.961</b> | .124         | -.150 | -.157 | .053 | -.029 |
| Procurement planning drives expected results which impact on service delivery  | -.231       | <b>.899</b>  | -.313 | .074  | .140 | .018  |
| Procurement planning establishes effective procedures to control wasteful spending in procurement of goods/services. | <b>.941</b> | .124         | -.150 | -.157 | .053 | -.029 |

|   |              |             |             |              |       |       |
|---|--------------|-------------|-------------|--------------|-------|-------|
| Procurement planning ensures availability of resources for service delivery.  | -.231        | <b>.893</b> | -.333       | .074         | .140  | .018  |
| Procurement planning ensures Management and staff adhere to the procurement system for service delivery.                              | <b>.711</b>  | .124        | -.150       | -.157        | .053  | -.029 |
| Procurement planning helps facilitates efficient and effective service delivery in the organization.                                  | <b>.668</b>  | -.503       | -.280       | .309         | -.140 | .073  |
| Procurement planning helps to achieve the maximum value for expenditures on services to be delivered.                                 | .422         | <b>.686</b> | .526        | .178         | -.112 | .003  |
| Procurement planning provides for monitoring and evaluation of service delivered.   | -.296        | -.327       | .341        | <b>-.508</b> | .430  | -.038 |
| Procurement planning enforces regulatory relating to service delivery.  | <b>-.531</b> | .130        | -.303       | .385         | .301  | -.500 |
| Procurement planning carryout policy analysis that contributes to service delivery improvement.                                       | .422         | <b>.786</b> | .526        | .178         | -.112 | .003  |
| Procurement planning involves local communities in decision making process so as to meet service delivery needs.                      | .203         | .126        | <b>.719</b> | .010         | .557  | -.233 |
| Procurement planning provides interventions where service delivery is not up to expectation.  | <b>.881</b>  | .124        | -.150       | -.157        | .053  | -.029 |
| Procurement planning ensures that staff effectively coordinates their efforts with others to improve the quality of service delivery. | <b>.648</b>  | -.503       | -.280       | .309         | -.140 | .073  |

|  |             |             |       |       |             |             |
|--|-------------|-------------|-------|-------|-------------|-------------|
| Procurement planning enforces policies to support improving the quality of service delivery.   | <b>.961</b> | .134        | -.150 | -.157 | .053        | -.019       |
| Procurement planning enables the Organization works closely with suppliers to provide resources for improving the quality of their service delivery. | -.041       | <b>.473</b> | .431  | -.412 | -.598       | -.082       |
| In procurement planning the Organization tries to design quality into new services as they are being developed.                                      | -.536       | -.033       | -.153 | .124  | .126        | <b>.714</b> |
| In procurement planning the services which the Organization provides are thoroughly tested for quality before they are implemented.                  | .240        | <b>.552</b> | .438  | .160  | -.236       | .348        |
| In procurement planning the Organization ensures employees keep service delivery records.  | <b>.721</b> | .077        | -.116 | -.228 | -.097       | .084        |
| Procurement planning contributes to service delivery needs identification.   | .202        | -.038       | .126  | -.366 | <b>.761</b> | .334        |

Extraction Method: Principal Component Analysis.

a. 6 components extracted.

### 4.5.3 Factor Isolation

Factor isolation involves isolating each of the variables factors and grouping them to six extracted factors base on factor loading.

**Table 4.5: Factor Isolation**

| <b>Factor Group</b> | <b>Variables</b>   |
|---------------------|--|
| Factor 1            | <ul style="list-style-type: none"> <li>• Procurement planning in organization entails consulting key service stakeholders</li> <li>• Procurement planning identifies sources of funding service delivery</li> <li>• Procurement planning ensures that the organization makes clear Statement</li> <li>• Procurement planning helps budgetary proposals that seek to approval service delivery.</li> <li>• Work (SOW) for service delivery.</li> <li>• Procurement planning integrates the organization operations and improved service delivery</li> <li>• Procurement planning establishes effective procedures to control wasteful spending in procurement of goods/services.</li> <li>• Procurement planning ensures Management and staff adhere to the procurement system for service delivery</li> <li>• Procurement planning helps facilitates efficient and effective service delivery in the organization.</li> <li>• Procurement planning enforces regulatory relating to service delivery.</li> <li>• Procurement planning provides interventions where service delivery is not up to expectation.</li> <li>• Procurement planning ensures that staff effectively coordinates their efforts with others to improve the quality of service delivery.</li> <li>• Procurement planning enforces policies to support improving the quality of service</li> </ul> |
| Factor 2            | <ul style="list-style-type: none"> <li>• Procurement planning ensures that the organization makes clear Terms Of Reference (TOR) for service delivery</li> <li>• Procurement planning sets in motion the entire procurement process of</li> </ul>  |

|          |  |
|----------|--|
|          | <p>acquiring services in government corporation</p> <ul style="list-style-type: none"> <li>• Procurement planning drives expected results which impact on service delivery</li> <li>• Procurement planning ensures availability of resources for service delivery.</li> <li>• Procurement planning helps to achieve the maximum value for expenditures on services to be delivered.</li> <li>• Procurement planning carryout policy analysis that contributes to service delivery improvement.</li> <li>• Procurement planning enables the Organization works closely with suppliers to provide resources for improving the quality of their service delivery.</li> <li>• In procurement planning the services which the Organization provides are thoroughly tested for quality before they are implemented.</li> </ul> |
| Factor 3 | <ul style="list-style-type: none"> <li>• Procurement planning involves local communities in decision making process so as to meet service delivery needs.</li> <li>•</li> </ul>  |
| Factor 4 | <ul style="list-style-type: none"> <li>• Procurement planning provides for monitoring and evaluation of service delivered.</li> </ul>  |
| Factor 5 | <ul style="list-style-type: none"> <li>• Procurement planning contributes to service delivery needs identification.</li> </ul>   |
| Factor 6 | <ul style="list-style-type: none"> <li>• In procurement planning the Organization tries to design quality into new services as they are being developed.</li> </ul>  |

Source: Researcher (2013)

#### 4.6 Relationship between Procurement Planning and Service Delivery

The regression analysis is concerned with the distribution of the average value of one random variable as the other variables which need not be random are allowed to take different values. The regression model specifically connects the average values of y for various values of the x-variables. The regression model was as follows:

$$y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

**Where:**

y = Procurement Planning

$\beta_0$  = Constant Term

$\beta_1$  = Beta coefficients

$X_1$  = Resource availability planning

$X_2$  = Procurement Policy.

$X_3$  = Service delivery standard settings

$X_4$  = Monitoring and evaluation of service delivery

**Table 4.6: Strength of the model**

**Model Summary**

| Model      | R | R Square          | Adjusted R Square | Std. Error of the Estimate |
|------------|---|-------------------|-------------------|----------------------------|
| dimension0 | 1 | .796 <sup>a</sup> | 0.633             | 0.594                      |

a. Predictors: (Constant), Monitoring and evaluation of service delivery, Service delivery standard settings. Resource availability planning. Procurement Policy.

Source: Reseacher (2013)

Analysis in table 4.7 shows that the coefficient of determination (the percentage variation in the dependent variable being explained by the changes in the independent variables) R<sup>2</sup> equals 0.633 that is, Monitoring and evaluation of service delivery., Service delivery standard settings., Resource availability planning and Procurement Policy leaving only

1.5 percent unexplained. The P- value of 0.000 (Less than 0.05) implies that the model of Procurement planning is significant at the 5 percent significance.

**ANOVA<sup>b</sup>**

| Model |            | Sum of Squares | df | Mean Square | F      | Sig.              |
|-------|------------|----------------|----|-------------|--------|-------------------|
| 1     | Regression | 5.976          | 4  | 1.494       | 16.377 | .000 <sup>a</sup> |
|       | Residual   | 3.466          | 38 | .091        |        |                   |
|       | Total      | 9.442          | 42 |             |        |                   |

a. Predictors: (Constant), Monitoring and evaluation of service delivery., Service delivery standard settings., Resource availability planning., Procurement Policy.

b. Dependent Variable: Procurement planning

ANOVA findings (P- value of 0.00) in table 4.8 show that there is correlation between the predictor's variables (Monitoring and evaluation of service delivery, Procurement Policy, Service delivery standard settings, Resource availability planning) and response variable (Procurement planning). An F ratio is calculated which represents the variance between the groups, divided by the variance within the groups. A large F ratio indicates that there is more variability between the groups (caused by the independent variable) than there is within each group, referred to as the error term. A significant F test indicates that we can reject the null hypothesis which states that the population means are equal. The P value is 0.000 which is less than 0.005 significance level.

### Coefficients<sup>a</sup>

| Model |  | Unstandardized Coefficients |            | Standardized Coefficients | t      | Sig. |
|-------|--|-----------------------------|------------|---------------------------|--------|------|
|       |  | B                           | Std. Error | Beta                      |        |      |
| 1     | (Constant)                                     | 6.165                       | .705       |                           | 8.746  | .000 |
|       | Resource availability planning.                | -.348                       | .081       | -.489                     | -4.289 | .000 |
|       | Procurement Policy.                            | -.436                       | .084       | -.635                     | -5.187 | .000 |
|       | Service delivery standard settings.            | .711                        | .108       | .754                      | 6.593  | .000 |
|       | Monitoring and evaluation of service delivery. | -.286                       | .084       | -.396                     | -3.420 | .002 |

a. Dependent Variable: Procurement planning

The established multiple linear regression equation becomes:

$$Y = 6.165 - 0.348X_1 - 0.436X_2 + 0.711X_3 - 0.286X_4$$

The study found that Monitoring and evaluation of service delivery, Procurement Policy, Service delivery standard settings, Resource availability planning have significant influence on Procurement planning since Resource availability planning  $\beta = -.348$ ,  $t = -4.289$ ,  $p < .000$ ; Procurement Policy  $\beta = -.436$ ,  $t = -5.187$ ,  $p < .000$ \*; Service delivery standard settings  $\beta = .711$ ,  $t = 6.593$ ,  $p < .000$ \*; Monitoring and evaluation of service delivery  $\beta = .406$ ,  $t = 5.445$ ,



#### **4.7 Discussion**

From the study findings it was established that the main factors affecting procurement planning and service delivery in State Corporation in Kenya include corruption, provision of better infrastructures such as roads and electricity lagging behind for years, investment climate, government policies, challenge of limited skilled personnel to meet the rising needs of local people and challenge to get the right service provider with the equipments to do the job well (Basheka 2004). Procurement planning and service delivery is in regards to day to day running of the corporations, purchasing functions through which organization obtain products and services from external suppliers and obligatory decision by the elected or appointed officials to serve or deliver goods and services to the recipients.

According to Agaba and Shipman, (2007), factors affecting service delivery in relation to procurement planning include: budgetary proposals, involvement of key stakeholders in consulting, make clear TOR or SOW of requirements, effective procedures to control wasteful spending in procurement of goods/services, employees use of procurement system in place to purchase their own goods and services and Procurement planning drives different expected results which are different from business as usual such as: reduction in the number of overall contract awards, understanding and managing total cost of ownership, more purchasing options. From the descriptive statistics the statements that making clear TOR or SOW of requirements, determining departmental work plans, procurement planning being one of the primary functions of procurement with a potential to contribute to the success of local government operations and improved service delivery, procurement planning in facilitating an efficient and effective service delivery, employees use of procurement system in place to purchase goods and services and the statement that management ensures that staff adhere to the procurement system in place were all strongly agreed.

Poor service delivery and governance remains an overwhelming challenge in most African countries and factors attributed to be affecting local governments include the following among other; the provision of better infrastructures has lagged being over

years. There are poor roads and inadequate electricity supply and hence Kenya still stands in need of better infrastructures, at the local government level, is believed to be one of the principle areas where corruption in Kenya takes place. Corruption is disastrous to the sound functioning of any government department.

Service delivery is particularly affected by policy analysis between local & private sectors, involving communities in decision making process, organization working closely with suppliers to improve the quality of their services, services which the organization provides are thoroughly tested for quality before they are implemented and keeping records of quality measurements. From the descriptive statistics the statements on the need to consider development of regulatory responsibilities, ensure appropriate interventions in local government, quality assurance staff effectively coordinates their efforts with others to improve the quality of service delivery, the organization has effective policies to support improving the quality of service delivery, the organization tries to design quality into new services as they are being developed, services which the organization provides are thoroughly tested for quality before they are implemented and organization encourages employees to keep records of quality measurements were all strongly agreed.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter presents summary of findings as discussed in chapter four and interpretations of the data analysis, conclusions and recommendations based on the findings.

#### **5.2 Summary of findings**

The research was conducted on a sample of 43 respondents from the selected firms to which questionnaires were administered. The study targeted on procurement planning in service delivery. The study main objective was to establish and investigate on procurement planning and service delivery in State Corporation in Kenya.

Procurement planning is a critical factor in influencing performance of service delivery. From the study findings it was established that the main factors affecting procurement planning and service delivery in State Corporation in Kenya include corruption, provision of better infrastructures such as roads and electricity lagging behind for years, investment climate, government policies, challenge of limited skilled personnel to meet the rising needs of local people and challenge to get the right service provider with the equipments to do the job well. Procurement planning and service delivery is in regards to day to day running of the corporations, purchasing functions through which organization obtain products and services from external suppliers and obligatory decision by the elected or appointed officials to serve or deliver goods and services to the recipients.

Factors affecting service delivery in relation to procurement planning include: budgetary proposals, involvement of key stakeholders in consulting, make clear TOR or SOW of requirements, effective procedures to control wasteful spending in procurement of goods/services, employees use of procurement system in place to purchase their own goods and services and Procurement planning drives different expected results which are

different from business as usual such as: reduction in the number of overall contract awards, understanding and managing total cost of ownership, more purchasing options.

Poor service delivery and governance remains an overwhelming challenge in most African countries and factors attributed to be affecting local governments include the following among other; the provision of better infrastructures has lagged being over years. There are poor roads and inadequate electricity supply and hence Kenya still stands in need of better infrastructures, at the local government level, is believed to be one of the principle areas where corruption in Kenya takes place. Corruption is disastrous to the sound functioning of any government department.

Service delivery is particularly affected by policy analysis between local & private sectors, involving communities in decision making process, organization working closely with suppliers to improve the quality of their services, services which the organization provides are thoroughly tested for quality before they are implemented and keeping records of quality measurements.

### **5.3 Conclusion**

In conclusion the procurement planning and service delivery in State Corporation in Kenya has been affected by corruption, provision of better infrastructures such as roads and electricity lagging behind for years, investment climate, government policies, challenge of limited skilled personnel to meet the rising needs of local people and challenge to get the right service provider with the equipments to do the job well. Procurement planning and service delivery is in regards to day to day running of the corporations, purchasing functions through which organization obtain products and services from external suppliers and obligatory decision by the elected or appointed officials to serve or deliver goods and services to the recipients.

For improved procurement planning and service delivery there will be need to proper communication with communities in state corporation on the delivery of services, facilitating an efficient and effective service delivery, organization encouraging

employees to keep records of quality measurements and effective procedures to control wasteful spending in procurement of goods/services of this organization.

#### **5.4 Recommendations**

These recommendations are mainly to the Kenyan government. Kenya needs to expand procurement planning and service delivery for State Corporation in Kenya, integrating the bulk of the country's population into profitable supply chains that satisfy these demands, and ensuring consumers of a growing supply of horticultural produce with falling real prices and improving quality will require investment in areas of technical production, public market infrastructure, and the legal and regulatory environment.

There is need to address the procurement planning and service delivery critical constraints that require the government to adopt an overarching vision of partnering with private sector and donors to expand demand and value added within the state corporations and facilitate greater public participation in this growth. Government must see its role as a facilitator and not a controller of economic activity.

The government needs to develop effective service delivery systems in the state corporations by providing political and social economic changes in the efforts to give priority to the public for the sector to be effective. There is need for initiatives to be taken for us to create a sustained and stable working and living environment for the public to be able to adjust to foreign technologies needed in the provision of service delivery.

#### **5.5 Limitations of the study**

The study cannot be used in general since it only covers State Corporation while in Kenya private and many other types of corporations are widely practiced and there could be other factors limiting performance in the sector. A recommendation is for studies to be done on other types of corporations in country.

Due to time limitations the study was not able to identify all the policies in place in regards to procurement planning and service delivery for State Corporation. The bias in

this study is on public. Since the sector deals with service delivery there could be some limiting policies that needs to be identified and can help the public as well as the government in coming up with effective policies to be put in place to increase performance.

### **5.6 Suggestions for further studies**

Finally further studies should focus on the challenges and constraints affecting procurement planning and service delivery for State Corporation that result to not participating competitively in the provision of service delivery. This study will help in exploring the possibility of more rapid growth in demand by the public to asses State Corporation. Other studies will be needed to focus on the changes that will face service delivery in state corporations as a result of devolution in the County Governments.

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**APPENDICES**

**Appendix I: Questionnaire**

Kindly answer the following questions by ticking in the appropriate box or filling the spaces provided.

**SECTION A: BACKGROUND INFORMATION**

**Note:** For each of the questions, tick against your response or write your response in the blank space provided.

1. Gender of the respondent

Female ( )

Male ( )

2. Age range in years

18-25 years ( )      26-30 years ( )      31-35 years ( )      36-40 years ( )

41-45 years ( )      46-50 years ( )      over 50 years ( )

3. Level of education

Secondary ( )      Diploma ( )      1<sup>st</sup> Degree ( )

Postgraduate ( )      PhD ( )

4. Period you have served in this organization

Less than 2 years ( )      2-5 years ( )      6-10 years ( )      Over 10 years ( )

5. Indicate the functional category of your state corporation(please tick one)

a) Financial Corporation..... ( )

b) Commercial/Manufacturing Corporation..... ( )

c) Regulatory Corporation..... ( )

d) Public University..... ( )

e) Training and Research Corporation..... ( )

f) Service Corporation..... ( )

g) Regional Development Authority..... ( )

h) Tertiary Education and Training Corporation..... ( )

**SECTION B: FACTORS AFFECTING SERVICE DELIVERY**

6. To what extent does each of the following factors affect service delivery in your Corporation? Use the following scale: No extent (1), Little extent, (2), Moderate extent (3), Large extent (4) and Very large extent (5)

| <b>Statements</b>  | <b>1</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
|--|----------|----------|----------|----------|----------|
| Corruption.  |          |          |          |          |          |
| Poor infrastructure such as roads and electricity.                           |          |          |          |          |          |
| Lack of finances to support provision of services.                           |          |          |          |          |          |
| Difficulty in getting the right service provider                             |          |          |          |          |          |
| Inadequate equipment for service provision.                                  |          |          |          |          |          |
| Poor communication with communities being served.                            |          |          |          |          |          |
| Limited skilled personnel to meet the rising needs of local people.          |          |          |          |          |          |
| Misplaced Priorities.  |          |          |          |          |          |
| Absence of accountability that creates uncertainty                           |          |          |          |          |          |
| Poor of compliance of service delivery guidelines                            |          |          |          |          |          |
| Poor specification of service needed by user                                 |          |          |          |          |          |
| Poor compliance with service charter   |          |          |          |          |          |
| Lack of monitoring and evaluation mechanism.                                 |          |          |          |          |          |
| Lack of database to consolidate all information needed for service delivery. |          |          |          |          |          |
| Incomprehensible documents for service.                                      |          |          |          |          |          |

**SECTION C: KEY INDICATORS OF PROCUREMENT PLANNING AND SERVICE DELIVERY**

7. Indicate the degree of your agreement to each of the following statements regarding relationship between procurement planning and service delivery in your corporation?

Use the following scale: Strongly Disagree (1); Disagree(2); Neither Agree nor Disagree(3); Agree (4); Strongly agree (5)

| <b>PROCUREMENT PLANNING</b>  | <b>1</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
|--|----------|----------|----------|----------|----------|
| Procurement planning in organization entails consulting key service stakeholders                                     |          |          |          |          |          |
| Procurement planning helps budgetary proposals that seek to approval service delivery.                               |          |          |          |          |          |
| Procurement planning identifies sources of funding service   |          |          |          |          |          |
| Procurement planning ensures that the organization makes clear Terms Of Reference (TOR) for service delivery         |          |          |          |          |          |
| Procurement planning ensures that the organization makes clear Statement of Work (SOW) for service delivery.         |          |          |          |          |          |
| Procurement planning sets in motion the entire procurement process of acquiring services in government corporation   |          |          |          |          |          |
| Procurement planning integrates the organization operations and improved service delivery                            |          |          |          |          |          |
| Procurement planning drives expected results which impact on service delivery  |          |          |          |          |          |
| Procurement planning establishes effective procedures to control wasteful spending in procurement of goods/services. |          |          |          |          |          |
| Procurement planning ensures availability of resources for service delivery.   |          |          |          |          |          |
| Procurement planning ensures Management and staff adhere to the procurement system for service delivery.             |          |          |          |          |          |

|  |  |  |  |  |  |
|--|--|--|--|--|--|
| Procurement planning helps facilitates efficient and effective service delivery in the organization.   |  |  |  |  |  |
| Procurement planning helps to achieve the maximum value for expenditures on services to be delivered.  |  |  |  |  |  |
| Procurement planning provides for monitoring and evaluation of service delivered.  |  |  |  |  |  |
| Procurement planning enforces regulatory relating to service delivery.   |  |  |  |  |  |
| Procurement planning carryout policy analysis that contributes to service delivery improvement.  |  |  |  |  |  |
| Procurement planning involves local communities in decision making process so as to meet service delivery needs.                                     |  |  |  |  |  |
| Procurement planning provides interventions where service delivery is not up to expectation.   |  |  |  |  |  |
| Procurement planning ensures that staff effectively coordinates their efforts with others to improve the quality of service delivery.                |  |  |  |  |  |
| Procurement planning enforces policies to support improving the quality of service delivery.   |  |  |  |  |  |
| Procurement planning enables the Organization works closely with suppliers to provide resources for improving the quality of their service delivery. |  |  |  |  |  |
| In procurement planning the Organization tries to design quality into new services as they are being developed.                                      |  |  |  |  |  |
| In procurement planning the services which the Organization provides are thoroughly tested for quality before they are                               |  |  |  |  |  |
| In procurement planning the Organization ensures employees keep service delivery records.  |  |  |  |  |  |
| Procurement planning contributes to service delivery needs identification.   |  |  |  |  |  |

**SECTION D: RELATIONSHIP BETWEEN PROCUREMENT PLANNING AND SERVICE DELIVERY.**

8. To what extent does procurement planning affect service delivery in your corporation? Use the following scale:

No extent..... ( )

Little extent..... ( )

Moderate extent ..... ( )

Large extent..... ( )

Very large extent.... ( )

9. To what extent does each of the following factors relating to procurement planning affect service delivery in your Corporation? Use the following scale: No extent(1); little extent(2); Moderate extent (3); large extent (4); and Very large extent (5)

| <b>Questions</b>                               | <b>1</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
|--|----------|----------|----------|----------|----------|
| Resource availability planning.                |          |          |          |          |          |
| Procurement Policy.                            |          |          |          |          |          |
| Service delivery standard settings.            |          |          |          |          |          |
| Monitoring and evaluation of service delivery. |          |          |          |          |          |

## **Appendix II: State Corporations**

### **FUNCTIONAL CATEGORIZATION OF STATE CORPORATIONS**

#### **FINANCIAL CORPORATIONS STATE CORPORATION**

Agricultural Finance Corporation  
Consolidated Bank  
Deposit Protection Fund Board  
Industrial and Commercial Development Corporation  
Industrial Development Bank  
Kenya Industrial Estates  
Kenya National Assurance Co. (2001)  
Kenya Post Office Savings Bank  
Kenya Re-Insurance Corporation  
Kenya Revenue Authority  
Kenya Roads Board  
Kenya Tourist Development Corporation  
National Bank of Kenya  
National Hospital Insurance Fund  
National Social Security Fund

#### **REGULATORY CORPORATIONS STATE CORPORATION**

Capital Markets Authority  
Catering Training and Tourism Dev. Levy Trustees  
Coffee Board of Kenya  
Commission for Higher Education  
Communications Commission of Kenya  
Council for Legal Education  
Electricity Regulatory Board  
Export Processing Zones Authority  
Export Promotion Council  
Horticultural Crops Development Authority  
Investment Promotion Center

Kenya Civil Aviation Authority  
Kenya Bureau of Standards  
Kenya Dairy Board  
Kenya Industrial Property Institute  
Kenya Plant Health Inspectorate Services  
Kenya Sisal Board

**PUBLIC UNIVERSITIES STATE CORPORATION**

Egerton University  
Jomo Kenyatta University of Agriculture and Technology  
Kenyatta University  
Maseno University  
Moi University  
University of Nairobi

**SERVICE CORPORATIONS STATE CORPORATION**

Agricultural Development Corporation  
Bomas of Kenya  
Central Water Services Board  
Coast Water Services Board  
Higher Education Loans Board  
Kenya Accountants and Secretaries National Examination Board  
Kenya Ferry Services  
Kenya National Examination Council  
Kenya National Library Services  
Kenya Tourist Board  
Kenya Wildlife Service  
Kenyatta National Hospital  
Lake Victoria North Water Services Board  
Lake Victoria South Water Services Board  
Local Authorities Provident Fund



Moi Teaching and Referral Hospital  
Nairobi Water Services Board  
National Aids Control Council  
National Council for Law Reporting  
National Sports Stadia Management Board  
Northern Water Services Board  
Rift Valley Water Services Board  
Teachers Service Commission  
Water Resources Management Authority  
Water Services Trust Fund

#### **COMMERCIAL/MANUFACTURING CORPORATIONS**

East African Portland Cement Company  
Kenya Airports Authority  
Kenya Electricity Generating Company  
Kenya Ports Authority  
Kenya Pipeline Company  
Kenya Power and Lighting  
Company  
Kenya Railways Corporation  
Postal Corporation of Kenya  
Telkom Kenya Limited

#### **APPLICABLE STATE CORPORATIONS**

Agro-Chemicals and Food Company  
Chemelil Sugar Company  
Kenya Seed Company Limited  
Kenya Wine Agencies  
National Housing Corporation  
National Cereals and Produce Board  
National Oil Corporation of Kenya

Nzoia Sugar Company  
Pyrethrum Board of Kenya  
South Nyanza Sugar Company  
University of Nairobi Enterprises and Services Limited

#### **APPLICABLE STATE CORPORATIONS**

Gilgil Telecommunications Industries  
Jomo Kenyatta Foundation  
Kenya Broadcasting Corporation  
Kenyatta International Conference Center  
Kenya Literature Bureau  
Kenya Medical Supplies Agency  
Kenya Ordinance Factories Corporation  
Kenya Safari Lodges and Hotels  
National Water Conservation and Pipeline Corporation  
Numerical Machining Complex  
School Equipment Production Unit

#### **REGULATORY CORPORATIONS**

Capital Markets Authority  
Communications Commission of Kenya  
Commission for Higher Education  
Electricity Regulatory Board  
Retirement Benefit Authority  
Coffee Board of Kenya  
Council for Legal Education  
Export Promotion Council  
Export Processing Zones Authority  
Investment Promotion Center  
Kenya Plant Health Inspectorate Services  
Kenya Bureau of Standards

Kenya Civil Aviation Authority  
Kenya Sugar Board  
National Environment Management Authority  
Tea Board of Kenya

## **SERVICE CORPORATIONS**

Catering Training and Tourism Dev. Levy Trustees  
Horticultural Crops Development Authority  
Kenya Dairy Board  
Kenya Industrial Property Institute  
Kenya Sisal Board  
Maritime Authority  
NGO Co-ordination Bureau  
National Tea Zones Development Authority  
National Irrigation Board  
Water Services Regulatory Board  
Cooperative College of Kenya  
Kenya College of Communications Technology  
Kenya Medical Training College  
Kenya Utalii College  
Kenya Water Institute  
Coast Development Authority  
Ewaso Ng'iro North Development Authority  
Kerio Valley Development Authority  
Lake Basin Development Authority  
Tana and Athi Rivers Development Authority

**Source:** report on guidelines on terms and conditions of service for State Corporations, office of the president permanent secretary, secretary to the cabinet and head of the public service.