

**CHALLENGES IN THE MANAGEMENT OF PROCUREMENT SERVICES WITHIN  
KENYA RURAL ROADS AUTHORITY**

**BY  
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Most of all. Im grateful to the almighty God for seeing me through.

## DECLARATION


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

Signed.....

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

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## **DEDICATION**

To my family, whose support and encouragement are the source of inspiration in my life.

## ABSTRACT

Procurement is the acquisition of goods and/or services at the best possible total cost of ownership, in the right quality and quantity, at the right time, in the right place and from the right source for the direct benefit or use of corporations, individuals, or even governments, generally via a contract, or it can be the same way selection for human resource. Public procurement regulation and processes constantly change, not only to adapt to economic and social circumstances but ultimately to increase transparency, fairness and interoperability and modernize the award of contract process.

The main objective of this study was to evaluate the challenges in procurement services within Kenya Rural Roads Authority. To achieve this, the study was guided by the following research objectives, that is, to find out practices adopted by KERRA in the procurement of services and to establish challenges faced by KERRA in the management of procurement services. The study involved the review of literature in order to gain an understanding of past undertakings on the challenges in procurement services within public organization.

The study employed a case study within KeRRA where Primary data that was collected using interview guides was administered on the research sample (managers). The interview guides was structure into two categories that is; general information of the respondent and specific objective of the study. A content analysis and descriptive analysis was employed. The information developed from the research data was then presented in prose-form.

The study concluded that that KeRRA had adopted procurement policies that govern it in control of the construction activity of the roads within the country and that it faced challenges like political interferences and inadequate allocations of funds that hinder its completion of the

activities and fully implement procurement policies. The study recommended that training to be offered to the staffs and the general participant in the KeRRA so as to effectively implement the procurement policies and that that financial support and fund allocation to be offered in time and adequate so as to ensure projects that are proposed are completed and are done with they highest standard.

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## CHAPTER ONE: INTRODUCTION

### 1.1 Background of the Study

Procurement is the acquisition of goods and/or services at the best possible total cost of ownership, in the right quality and quantity, at the right time, in the right place and from the right source for the direct benefit or use of corporations, individuals, or even governments, generally via a contract, or it can be the same way selection for human resource. Simple procurement may involve nothing more than repeat purchasing (Callendar, 2000). Complex procurement could involve finding long term partners – or even 'co-destiny' suppliers that might fundamentally commit one organization to another. Lengthy procedures have sometimes undermined efficiency in the public procurement system.

Public procurement is traditionally one of the government sectors most vulnerable to corruption, due to its size, complexity and the sums of money at stake that provide both incentives and opportunities for corrupt behaviors. Within this context, procurement reform is essentially about addressing corruption risks, with the view to reducing opportunities for public officials to solicit or accept bribes at the various stages of procurement processes as well as strengthening internal and external controls to ensure enforcement (Arrowsmith, and Trybus, 2003). Public procurement regulation and processes constantly change, not only to adapt to economic and social circumstances but ultimately to increase transparency, fairness and interoperability and modernize the award of contract process. According to McCrudden (2007), government has always used its purchasing power to achieve policy goals, ranging from the early protecting national industries against foreign competition to the modern promotion of social equality. Using purchasing power for environmental protection and sustainable development is relatively recent.



According to a 1997 Organizations for Economic Cooperation and Development (OECD) report, the Danish strategy to promote sustainable procurement policy in 1991 marked the beginning of such a policy. Then by the late 1990s, green public procurement became common at national, regional, and international levels.

In Kenya, the public procurement system has undergone significant developments. From being a system with no regulations in the 1960s, and a system regulated by Treasury Circulars in the 1970s, 1980s and 1990s, the introduction of the Public Procurement and Disposal Act (PPDA) of 2005 and the Procurement Regulations of 2006 has introduced new standards for public procurement in Kenya. In 2003, the Government of Kenya (GoK) began to implement reforms to address inefficiency in the use of public resources and weak institutions of governance. Reforms included the development of anti-corruption strategies to facilitate the fight against corruption and the enactment of the Public Officer Ethics Act 2003, the Anti-Corruption and Economic Crimes Act 2003, the Financial Management Act 2004 and the PPDA 2005. The latter was meant to make public procurement process more transparent, ensure accountability and reduce wastage of public resources.

### **1.1.1 Procuring Services within Organizations**

Public procurement is the process whereby the public sector (i.e. national, regional and local government and certain utilities) awards contracts to companies for the supply of goods or services, including building and construction works (Hommen and Rolfstam, 2009). For contracts with an expected value above certain thresholds, the procurement procedure is regulated by authority legislation. This legislation aims to promote transparency and competition in public tender procedures, thereby avoiding discriminatory or preferential purchasing and

encouraging purchasing bodies to make the best use of public resources. Given the amount of public money at stake, and the number of public purchasers and suppliers involved, the way in which public procurement is regulated and administered has an immediate and significant influence on the business environment.

The operational level of government service sector mostly is centered in procuring organizations, which safeguard government resources through the procurement process (NISIP, 2008). A procuring organization is responsible and its accounting officers and other officials concerned are accountable, for public procurements in accordance with the act and regulations issued by the authorities. The Contracts Committee is to be staffed with personnel who are well-informed concerning public procurement, and whose professional qualifications meet the guidelines issued by the Authority. Ad hoc member provides necessary technical, legal and business expertise to the Contracts Committee. The general functions of a Contracts Committee include: Verification of proper procurement planning and availability of funds; approval of the invitation to bid and the bidding documents; approval of the use of single-source procurement in accordance with the regulations; conducting the opening of bids; comparing and evaluating the bids, and selecting the winning bid, subject to paragraph and Submitting the recommendations resulting from the evaluation of bids to the Secretary of State concerned or other official designated in the Regulations, in case the value of the procurement exceeds the authority of the Contracts Committee and Considering applications for variations in a contract.

The Procurement entity periodically reviews the functioning of Contracts Committees, and may recommend to the Secretary of State for Finance adjustments to any limitations on their procurement authority, taking into account increases in the capacity of authority and other

entities to conduct procurement proceedings, and with a view to implementing a policy of decentralization of procurement.

### **1.1.2 Kenya Rural Roads Authority**

The role of KeRRA is the development, rehabilitation, maintenance and management of rural roads in the country. This is properly stated in the Kenya Roads Act 2007 and will comprise the following functions and duties.

Constructing, upgrading, rehabilitating and maintaining rural roads. Controlling reserves for rural roads and access to roadside developments. Implementing road policies in relation to rural roads. Ensuring adherence by motorists to the rules and guidelines on axle load control prescribed under the Traffic Act or any other existing regulations. Ensuring that the quality of road works is in accordance with such standards as may be defined by the Minister. In collaboration with the Ministry responsible for Transport and the Police Department, overseeing the management of traffic on rural roads and issues related to road safety. Collecting and collating all such data related to the use of rural roads as may be necessary for efficient forward planning. Monitoring and evaluating the use of rural roads Planning the development and maintenance of rural roads Liaising and co-coordinating with other Authorities in planning and operations in respect of roads Preparing road work programmes for all rural roads Advising the Minister on all issues relating to rural roads; and Performing such other functions related to rural roads as may be directed by the Minister.

The length of the entire Road Network in Kenya is 159,942 Kms (RICS, 2009). The Road Inventory and Condition Survey (RICS) undertaken by Roads Department of MoR between 2000 and 2003 indicated that only about 19% of the classified road network was in good condition,

49% in fair condition and the remaining 32% in poor condition. A quick visual condition survey done in 2006 for the classified road network indicated that the condition of the network had improved with 27% in poor condition and 73% of roads was in good or in fair condition.

Information available from the just concluded RICS for unclassified roads indicate that only 41% of paved unclassified roads (urban roads) is in fair and good condition while the rest 59% is in poor condition or has totally failed. For the unpaved classified roads only 34% is in good or fair condition while the rest 66% is in poor condition. It should be noted that a major part of this network receives little or no attention.

The Kenya Roads Act 2007 makes it mandatory to have a Road Sector Investment Programme (RSIP) in place which is expected to form the basis of allocation of development and maintenance funds. The Government with the financial assistance from Nordic Development Fund is developing a five year (2009 -2014) Road Sector Investment Programme which is a multi-year programme outlining the country's development and maintenance priorities costed with respect to stated sections of road and also aggregated by class, traffic loading and other details. The RSIP is expected to be ready by December, 2009.

## **1.2 Research Problem**

Public procurement is an important function of government as it sheers magnitude of procurement outlays that has a great impact on the economy and needs to be well managed. Indeed, in all countries in the world, estimates of the financial activities of government procurement managers are believed to be in the order of 10% – 30 % of GNP (Callender & Mathews, 2000). Public procurement has been utilized as an important tool for achieving economic, social and other objectives (Arrowsmith, 1998; Thai, 2001). Efficiently handling this

size of procurement outlays has been a policy and management concern as well as a challenge for public procurement practitioners. Facing the challenges above and others, including rapid developments in technology (which have led to new procurement methods), public procurement cannot be perceived as mere a 'clerical routine,' as procurement practitioners are and should be involved in strategic procurement planning (Hinson and McCue, 2004).

The ministry of roads has been the hardest hit with irregularities in procurement. Kenya Anti-Corruption Commission investigations into the procurement procedures, operations and management of the Ministry of Roads have identified tendering loopholes cost taxpayers billions of shillings. The report by the Authority, alleged to corrupt practices in the roads projects involving public officers during the procurement process. These include under/over specification so as to facilitate contract variations or to discourage potential contractors respectively, leakage of information to 'preferred' bidders so as to facilitate bid rigging. Conflict of interest as a result of the officers not declaring their interest and participating in the award of contracts to related companies. There are also cases of collusion between contractors and the public officers to disregard adherence to procurement procedures among others (Simani, 30/10/2006).

Although in the international front, a lot of publications have been done on challenges to public procurement acts and regulations, in Kenya, only 2 studies have been carried out on the challenges in the implementation of procurement (Obiero, 2008 and Kiburi, 2008). Obiero, (2008), study showed that government policy, poor implementation policies and lack of knowledge by the targeted group was the major challenge to the implementation of the procurement act in ministry of education. Kiburi, 2008 study indicated that need to compete with the competitors with the changing environment mostly in technology in the market area was the major factor that influenced firm to adopt E-Procurement. Given the little research on 2005

Procurement Act and the procurement irregularities affecting the Ministry of Roads none has focused on challenges in the implementation of 2005 procurement act in the ministry of Roads. However no study has focused on challenges that KERRA faces in the implementation of procurement services, thus, it is against this backdrop of this knowledge gap on the challenges in implementing procurement services within Kenya Rural Roads Authority and how the findings can be used to improve transparency in the procurement system at the ministries based on the findings. In order to achieve the main objective, the study was guided by the following research questions, that is, 1) What are the practices adopted by KERRA in the procurement of services? 2) What are the challenges faced by KERRA in the management of procurement services?

### **1.3 Objectives of the Study**

The research was guided by the following objectives.

- i. To find out practices adopted by KERRA in the procurement of services.
- ii. To establish challenges faced by KERRA in the management of procurement services.

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

The study was beneficial to The Ministry of Roads Official was able to use this study as a reference to the challenges facing their implementation of the 2005 Procurement Act. This enabled the ministry put measures that ensured transparency in its procurement function and sealing of loophole in the implementation of PPDA 2005.

The findings and recommendations of the study enabled the PPOA exert enough authority that reined-in on those violating the 2005 procurement laws. By identifying the loopholes in the 2005

PPDA, the Authority will push for amendments that will beef-up transparency in procurement function in the country.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter presents the past or previous studies that have been done and theories advanced on challenges to procurement. The chapter is hence broken down into concept of procurement, its advantages, e-procurement and challenges hindering implementation of sound procurement policies with reference to Procurement Act, 2005, of Kenya.

### **2.2 Procurement Services**

On a general level procurement essentially involves commerce between two or more businesses and is such an important element of business operations that a clear strategy is imperative. This has led to much investigation of means to streamline the industrial procurement process. From a strategic perspective, procurement can encompass “the entire operation including a company's requisitioning, transportation, warehousing, and in-bound receiving processes” (Nevalainen, 2001), where the dominant goal is process efficiency (Aldin et al., 2004).

Procurement is a complex process that has both direct and indirect functions. Specifically, the distinction is that direct procurement is the purchase of high volume materials and/or services that directly facilitate the creation of the end product. Indirect procurement is the purchase of the support materials and services necessary to enable the creation of the end product. Subsets within this category are operating resource management (ORM) and maintenance, repair, and operations (MRO). MRO purchases tend to be low volume and high frequency items (Bartezzaghi and Ronchi, 2004). As reported by Neef (2001), direct procurement accounted for fewer purchasing transactions (between 20% and 40% in manufacturing companies) but could account for up to 60% of a manufacturing firm's total procurement expenditure. This distinction



is an important one to note when analyzing the internet's role in procurement (e-procurement), as the characteristics of different materials may determine their suitability to online transactions (Bartezzaghi and Ronchi, 2004).

The public procurement process is based on a series of phases of activity such as planning, formalization (contracting), implementation and evaluation Snider, (2008). The only public pieces of the public procurement process are tender (an open call for bidding if procurement exceeds a specific value threshold), opening of formal bid envelopes, and often but not always access to the text of signed contracts. The rest of the process is primarily left to contracting authorities, and generally the planning, implementation and evaluation of contract performance are largely out of the public eye, as well as out of the eye of any competitors. This situation raises a variety of questions related to transparency, openness and non-discrimination (GPA, 2006) as well as issues related to policy efficiency, protection of the public interest and corruption. Transparency generally correlates inversely to the level of corruption in a country; low transparency typically means a high level of corruption.

Yet, as procurement reform usually affect the interests of well connected and organized groups in society, reform processes are likely to meet major challenges such as opposition and resistance to change among the ruling elites. Against this background, emerging efforts to look at the political economy aspects of procurement constitute a promising trend to help understand the politics of change and address challenges and political barriers as they come up along the reform process.

## 2.3 Perspective of Procurement

Public procurement can be used to mobilize innovation at the same time as achieving public policy goals and delivering better service to citizens, and the role of procurement for the demand side of innovation is underlined (Edler and Georghiou, 2007). Public procurement, although by title public, appears in the work of public authorities to be more of a marginal gray zone, an area left more or less to individual control by business and public administration. In the EU 27 market, the key principles of public procurement - transparency, probity, competition, and value for money (Schooner & Whiteman, 2000), as stated in most of the public procurement policies - are generally respected. But the perception of the general public as well as many competitors is that there is something suspicious in public procurement contracts (Podumljak, (2010). In the process of public procurement, as defined by the EU as well as EU 27 and candidate countries "legislation, the only authentically public pieces are publishing the tender and opening the written bids, leaving it to the imagination of interested parties to fill in process gaps (i.e. planning, contract execution, contract monitoring and evaluation).

The internet has been widely adopted by companies with the aim of improving performances both in internal processes and in processes going beyond their boundaries (Bartezzaghi and Ronchi, 2005). Despite the fact that business-to-business (B2B) trade has enjoyed a quieter existence online than business-to-consumer (B2C) (Barratt and Rosdahl, 2002) the benefits of e-procurement in a B2B setting are significant (Min and Galle, 2003). Indeed it has been claimed that e-procurement has become the catalyst that allows companies to finally integrate their supply chains from end-to-end, from supplier to the end user, with shared pricing, availability

and performance data that allows buyers and suppliers to work to optimum and mutually beneficial prices and schedules (Neef, 2001, p. 35).

The internet may initially be more suited to certain contexts within procurement. Usually companies adopt e-procurement systems to manage the purchase of low criticality products and services (Bartezzaghi and Ronchi, 2005). As such, the indirect MRO tends to be the first to be transferred to an electronic platform at the purchasing stage (Min and Galle, 2003; Bartezzaghi and Ronchi, 2004). The internet, in this scenario can minimize the expense so that it constitutes only what the actual service costs, excluding the administration and procurement costs (Bartezzaghi and Ronchi, 2005). Another issue is frequency of use. MRO, while being the most common e-procurement purchase, is also the most frequent organisational purchase. As a consequence electronic media may merely be utilised to support relationships with suppliers that are already well-established. Finally, the high availability of service providers falling under the umbrella of MRO leads to a struggle for competitive advantage (Reason and Evans, 2000). Direct procurement in the ICT manufacturing industry will acquire tangible products where the cost is concentrated on the product, not on the transaction. In a general e-commerce context, it is widely suggested that services, rather than products, are more suitable to e-commerce (Harris and Cohen, 2003; Lumpkin and Dess, 2000). This can be explained by their intangibility and high transaction cost, and this in turn explains the suggested prominence of MRO in e-procurement. Furthermore, Min and Galle (2003) posit that firms adopting e-procurement tend to compete on service, and not on their core product.

In summation it is noted that the extent of e-procurement adoption remains in a formative stage, falling short of the type of e-sourcing and e-collaboration suggested by Bartezzaghi and Ronchi (2005). Common e-procurement tools are online catalogues and direct auctions, where reverse

auctions remain unpopular with sellers (Bartezzaghi and Ronchi, 2005). E-procurement implementation is characterised by the direct and indirect procurement divide, where firms tend to use online systems for uncritical items (Min and Galle, 2003; Bartezzaghi and Ronchi, 2004). The transition to modern e-procurement calls for strategic adaptation. It is one strategy, though, that requires much organisational change (MacGregor and Vrazalic, 2005).

#### **2.4 Practices in Procurement of Service.**

A more obstinate challenge is to enhance control on contract implementation and to properly evaluate contracts before implementation. As procurement legislation has nothing to do with implementation of contracts, KERRA has enacted critical measure to change the practice. This includes standardized annexes to supplement contract agreements (similar to annexes under the grant scheme), where all of the specifications and deliverables are regulated in the annexes, as well as the rights and obligations of both parties. The annexes are standardized for the entire market, serving to unify and standardize legal protection for all parties. With such a mechanism in place that allow the public and civil society to challenge implementation of a procurement practices (without necessarily suspending or terminating the contract) and to design a system for payment of damages by coontractors who have failed to comply with contracts or worked against the public interest (those engaged in corruption). Control of implementation would remain under the complete responsibility of the contracting authority, but with criminal and legal liability if the contracting authority failed to adequately implement and monitor control mechanisms to protect public interest and ensure proper implementation of the contract.

Protecting social and environment is part of the procurement process. Although it is appropriate to promote social and environmental concerns within public procurement, legislators need to be

very careful in addressing the issues of. By adding non-tangible elimination criteria for competitors as part of public procurement policies, the fight against corruption has been in jeopardy. For example, if someone mandated a special type of asphalt that claimed to be more green in building roads, and only one competitor could deliver it, the competition and value for money principle could be threatened. Naturally, KERRA respond with green solutions over time, but in short-run few companies benefit.

#### **2.4.1 Challenges of Procurement**

The major drawback in the performance of the road sector has been poor management of funds and poor delivery of services to the road user. It is therefore encouraging to note that the Government has continued to strengthen both the economic and political reforms with

Strengthening use of procurement practices which aims at improving delivery of services to the public. The enactment of the Kenya Roads Act 2007 and operationalization of the three road authorities (Kenya National Highways Authority, Kenya Rural Roads Authority and 2009/2010 APRP Kenya Urban Roads Authority) for the roads sub-sector also streamlines implementation within the sub sector. The authorities are expected to implement road works programmes starting in FY 2009/2010. It is the objective of KRB to ensure that the KRBF is managed efficiently in order to improve the level of service provided to road users.

KERRA expects the Road Agencies to be accountable, transparent and to operate within their indicated ceilings and to adhere to budgetary discipline, transparent procurement processes and applicable Standards and Specifications. At the same time they will be expected to follow KRB's rules, regulations, procedures and guidelines (RRPG) as recently developed especially on requiring concurrence from KRB before initiating new KRBF projects and Variation Orders.

KERRA face some constraints in its management of procurement services such as Insufficient RMLF and Transit Toll collections, Insufficient Development funds forcing KRB Funds to be used for major Rehabilitation and Reconstruction works, Institutional Capacity of the Road Agencies, Kenya's low consulting/contracting capacity and Large Project portfolio.

Despite the benefits of e-procurement implementation, most certainly, organizations can be presented with a range of challenges when implementing e-procurement; strategic initiative (Huizingh, 2002), internal integration (Neef, 2001), external integration (Min and Galle, 2003), technological integration (Warkentin, 2002) and security issues (Min and Galle, 2003).

There are several potential problems with procurement program management system. First, KERRA does not have a single designated agency that is charged with managing green procurement. Several agencies and ministries are involved in the green procurement management, including the Environment Protection Ministry, the Finance Ministry, the National Development and the Reform Committee as well as the various procurement centers at provincial and local levels. They issue regulations either jointly or on their own, causing policy overlaps, management duplication, and even conflicts among agencies.

The second problem is related to the procurement organization. With the absence of a designated green procurement agency, the green procurement is performed by the procurement centers. These centers do not always apply their own regulations to guide green procurements, and their authority does not align with responsibility. There is also a lack of communication and coordination among public procurement agencies. Communication involves the exchange of information among public procurement personnel regarding green procurement policies, method,

and procedures. Little attention is paid to information about green procurement, and little understanding is present among procurement personnel.

#### **2.4.2 Strategic Initiative**

Huizingh (2002) has stated that e-procurement is not an off-the-shelf panacea and the internet must always be seen as a tool, not a strategy. While Reason and Evans (2000) suggest that each organization must decide how to strategically integrate the technology to enhance their unique procurement activities. From this perspective a fundamental requisite to successful “e” implementation is the commitment of senior management (Antonette et al., 2002) and this will require proving a legitimate business case. However at executive level, it can often be that ICT projects are not appreciated as being strategic to the firm (Neef, 2001 and Huizingh, 2002). As an example, the lack of clear visibility of costs and benefits were found to impede e-procurement implementation among large firms in Greece (Tatsis et al., 2006). The follow-on consequence of management impatience, with regard to a return on the initial investment, can also detract from implementation of e-procurement (Smith, 2002). Successful implementation will probably require that both business processes and attitudes change (Hildebrand, 2002; Neef, 2001).

#### **2.4.3 Internal Integration**

Internal integration will require that commitment from senior management is communicated throughout the organization. The absence of such commitment and/or poor communication of strategic direction within an organization may lead to “a lack of understanding of what the e-procurement project hopes to achieve, how employees will be affected, and how the project will benefit the company as a whole” (Neef, 2001, p. 188). If the e-procurement project is seen as a large, exclusively purchasing and ICT-based investment with little or no benefit to any other

areas. such negative managerial mindsets may lead to the stagnation and isolation of the project (Reilly, 2000).

#### **2.4.4 External Integration**

Mohindroo (2003) holds that the goal of any B2B initiative is end-to-end value chain visibility and integration. Externally then, the business case must be proven to suppliers (Corini, 2000) and collaboration between buyers and sellers must be proactive (Min and Galle, 2003). However, the impact of internet technologies on supplier relationships raises concerns associated with issues of trust and reliability in an online setting (Day and Hubbard, 2003 and Durkan et al., 2003).

#### **2.4.5 Technological Integration**

Concurrently the internet, whether it is facilitating communication, data transfer, or commerce, provokes much debate on the issues of trust and privacy (Klein and Quelch, 1997). In this respect, system-to-system integration issues within and between organizations present major challenges to e-procurement implementation (Gilbert, 2000 and Warkentin, 2002). Given the variety of systems and technology platforms involved, integration software (“middleware”) is necessary (Hitech Dimensions Inc., 2002). However, while traditional electronic data interchange (EDI) was afflicted by standardization and ownership issues, the internet too is suffering from a lack of identity. The utopia is the XML (Extensible Mark-up Language) standard (Neef, 2001) which provides an inherently flexible and inexpensive means to create common data formats in e-marketplaces. This standard has provided broader scope than offered through the EDI standards of ANSI X12 and UN/EDIFACT (Neef, 2001).



## **2.5 Advantages of Public Procurement and Disposal Act**

In the past decades, the public procurement system in Kenya has undergone significant developments. From being a system with no regulations in the 1960s, and a system regulated by Treasury Circulars in the 1970s, 1980s and 1990s, the introduction of the Public Procurement and Disposal Act (PPDA) of 2005 and the Procurement Regulations of 2006 has introduced new standards for public procurement in Kenya.

According to Public Procurement Oversight Authority (2007), Procurement Act of 2005 establishes a strong Public Procurement System which enhances economy and efficiency, competition, integrity, transparency, public confidence and conducive investment climate. It establishes a strong organizational framework with a strong oversight mechanism, well defined Procuring Units and Tender Committees, it reduces delay in the procurement process, strengthens professionalism in public procurement through recognizing the role of the professionals and the need for continuous staff training and development, seals loopholes for corruption, therefore reduces wastage of public resources, enhances compliance with the Act and the Regulations due to the sanctions for non compliance and improves the image of the country as a good investment destination.

According to Oanda (2008), although the Public Procurement and Disposal Act 2005 promises to dramatically improve the procurement environment in Kenya there are a number of loopholes through which part of the problems from the past can sneak back into play. This is the lack of a clear definition of who is procurement professional whom the PPD Act 2005 says must be entrusted with procurement responsibility in any public entity. Oanda avers that while it is clear who is called a Lawyer, Engineer, Doctor or Accountant, a procurement professional is not well

defined by the Act. For the Public Procurement and Disposal Act 2005 to be enforced professionally, enactment of a legal instrument that regulates the conduct of supplies management practitioners in both private and public sectors in Kenya is of paramount importance. The Article 27 (Responsibility for complying Act, etc.) and Article 28 (Engagement of procuring agents) in the Public Procurement and Disposal Act 2005 for instance, would not be professionally enforced unless professional competence, qualification and integrity of the procurement practitioners are regulated through a well-structured legal framework as is the case with Supplies Practitioners Management Act (ibid).

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

According to Kothari (2003) research methodology involves details in approaches and procedures used in carrying out studies. It includes the techniques, methods and procedures adopted in the research. This chapter, therefore discusses the research design, Sample and sampling Technique, data collection technique and data analysis.

### **3.2 Research Design**

Dooley (2007) defines a research design as the scheme, outline or plan that is used to generate answers to research problems. This research was conducted through a case study since it was a research on one organization. A case study is an in-depth investigation of an individual, institution or phenomenon (Mugenda and Mugenda, 2003). The study method gave in-depth information on challenges facing procurement service within KeRRA.

In this study, the researcher narrowed down on procurement service within KeRRA but comprehensively enough to give representative information in the same environment. This research was therefore free from any material bias and enabled the researcher to study intensively a particular unit.

### **3.3 Sample and sampling Technique**

According to Kothari (1990) sampling is the process by which a relatively small number of individuals, objects or events is selected in order to find out something about the entire population from which it was selected. A sample is the segment of the population that is selected for investigation (Mugenda and Mugenda, 1999) the sample size becomes a critical question in

practice. The decision about the size of the sample needs considerations on time and cost, the need of precision, and a variety of further considerations. The study employed simple random sampling technique to select the sample included in the study that is, to select six (6) respondents. The researchers employed this method in order to mitigate bureaucracy that might hindered to reach the targeted population as they are seniors dealing with strategic issues of the organization hence reaching them becomes difficult. The researchers also employed the method as simple random sampling has the least bias and offered the most generalization hence the study becomes more representative.

### **3.4 Data Collection Techniques**

The study was both primary and secondary data. However, the study relied mostly on Primary data that was collected using interview guides that were administered on the research sample. An Interview guides was administered among senior managers (procurement managers and maintenance managers) at KeRRA to collect primary data. The respondents (managers) were targeted since they were in a good state of providing the most reliable information being owing to the scope of responsibility accorded to the managers and being that they were involved in procurement activities while the study area was chosen due to its competence in ensuring good maintenance of public infrastructure.

The interview guides was structure into two categories that is; general information of the respondent and specific objective of the study (Procurement practices, challenges in procurement implementation and contractor/supplier questionnaires) where it will consist of open-ended questions. The use of an open-interview strategy enabled better exposure of the interviewees' personal perspectives, their deeper thoughts, emotions and ambitions (Paton, 1990). This less

structured approach will allow the interviews to be much more like conversations than formal events with predetermined response categories, permitting the respondents' views to unfold, rather than the predisposition of the researcher (Marshall and Rossman, 1997, p. 80).

### **3.5 Data Analysis**

Before processing the responses, the completed questionnaires were edited for completeness and consistency. A content analysis and descriptive analysis was employed. The content analysis was used to analyze the respondents' views on challenges to implementation of 2005 Procurement Act. Content analysis is a method of studying content of communication. It is an in-depth analysis using quantitative or qualitative techniques of messages using a scientific method including attention to objectivity-intersubjectivity, generalizability and replicability (Neuendorf, 2002). Content analysis looks into who says what, to whom, why, to what extent and with what effect of any technique for making inferences by objectively and systematically identifying specified characteristics of messages. The information developed from the research data was then presented in prose-form.

## **CHAPTER FOUR**

### **DATA ANALYSIS, RESULT AND DISCUSSION**

#### **4.1 Introduction**

This chapter presents the analysis and interpretations of the data from the field. It presents analysis and findings of the study as set out in the research methodology on challenges in procurement services within Kenya rural roads authority. The data was gathered exclusively from an interview guide as the research instrument. The interview guide was designed in line with the objectives of the study. To enhance data quality of data obtained, unstructured questions were used whereby respondents indicated their views and opinions on challenges in procurement services within Kenya Rural Roads Authority.

#### **4.2 Response rate**

The researcher targeted 6 interviewees (managers); however, only 4 out of the 6 interviewees targeted completed the interview guide making a response rate of 66.7%. This complied with Mugenda and Mugenda (2003) who suggested that for generalization a response rate of 50% is adequate for analysis and reporting, 60% is good and a response rate of 70% and over is excellent. This commendable response rate was actualized after the researcher made personalized calls to explain the importance of participating in the study and visited interviewees to fill in the interview guide.

#### **4.3 Demographic characterization**

The study found it important to establish the general information of the respondents since it structures the foundation beneath which the study could fairly extract the relevant information. The analysis centred on this information of the respondents so as to categorize the different

results according to their knowledge and responses. From the findings, the study established that most of the interviewees were female having worked at a period of 2 years within the organization. On academic qualification most of the employees were degree holders followed by those who had diploma qualification being positioned at procurement manager/procurement officer/procurement assistant.

## **4.4 Discussion**

### **4.4.1 Practices Adopted in the Procurement of Services**

On the existence of procurement policies within the KeRRA, the study found that KeRRA had procurement policies in place that acts as procedural guideline. On the payment of the contractors, the study found that most of the contractors were being paid through cheques. On the right of KeRRA to control the detailed method of work of contractor/supply quality, interviewees affirmed that contractors have instructions per activities they do but sometimes there is political interference which leads to less participation of KeRRA in controlling contractors activities. The study also found that adherence and competence of contractors was 70% due to the constant political interference were changes that had been encountered since implementation of Procurement ACT of 2005. The study further found that control of implementation remains under the complete responsibility of the KERRA when contracting company fails to accomplish the contractual agreement since it has to give tender notices to the contractors for intention to re-advertise or cancel contracts. Additionally, Protecting social (public) and environment is part of the procurement process that KERRA practices by encouraging project team to manually perform their duties without use machines and that there are non-tangible criteria for eliminating competitors as part of public procurement policies used

by KeRRA. The study also found that despite immense fight against corruption at KeRRA there is resistance to the act.

#### **4.4.2 Challenges Facing Implementations of Procurement Policies**

On challenges that KeRRA in its implementations of procurement policies, the study found that corruption and poor governance were major challenges that hindered procurement policies within KeRRA while accountability was not at all a challenge. The study also found that political interference and inadequate funds allocations were sometime the constrains that faced maintenance of roads. On the suggestion on the improvement and mitigation that of the challenges in implementation of procurement policies, majority of the interviewees suggested that politicians to keep off interfering and allow procurement procedures to prevail. Finally, the study established that inefficiency lowers work morale, jeopardizes professionalism were some of the effects on the performance of KeRRA.



## CHAPTER FIVE

### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 Introduction

This chapter presents the summary of the data findings on challenges in procurement services within Kenya rural roads authority, the conclusions and recommendations are drawn there to. The chapter is structured into summary of findings, conclusions, recommendations and area for further research.

#### 5.2 Summary of the Findings

According to the study findings, most of the interviewees had worked at KeRRA for a period 2 years having degree as their highest qualification within the department of procurement.

Based on the objective of the study, the study found that KeRRA had a well laid down procurement policies where KeRRA had right of to control the detailed method of work of contractor/supply quality, interviewees affirmed that contractors have instructions per activities they do but sometimes there is political interference which leads to less participation of KeRRA in controlling contractors activities and that the right of KeRRA to control the detailed method of work of contractor/supply quality, interviewees affirmed that contractors have instructions per activities they do but sometimes there is political interference which leads to less participation of KeRRA in controlling contractors activities.

On challenges the study found that corruption and poor governance were major challenges that hindered procurement policies and that political interference and inadequate funds allocations were constrains that faced maintenance of roads. Keeping politicians away out of process and

operation of KeRRA so as to keep them off interfering and allow procurement procedures to prevail were some of the solution to the hindrance and challenges of procurement policies.

### **5.3 Conclusion**

From the study it is evident that KeRRA had adopted procurement policies that govern it in control of the construction activity of the roads within the country. Despite having these strategies KeRRA faces challenges like political interferences and inadequate allocations of funds that hinders its completion of the activities and fully implement procurement policies.

### **5.4 Recommendations**

The study recommended that government should align policies that govern KeRRA in order to be independent and enable it to fully control the overall duties of road construction without any political interruption for effective achievement objectives. Additionally, the study recommended that training to be offered to the staffs and the general participant in the KeRRA so as to effectively implement the procurement policies.

The study further recommended that financial support and fund allocation to be offered in time and adequate so as to ensure projects that are proposed are completed and are done with they highest standard and that contractors are fully paid their contractual agreement to met the main objectives.

### **5.5 Areas for Further Studies**

The study suggested that further research should be done on the factor that facilitates effectiveness of procurement services within public organization. The study also suggested that further study to be done on the strategies adopted to ensure effectiveness of procurement services within the KeRRA so as to give uniform and reliable result.

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## APPENDICES

### Appendix I: Introductory Letter

Dear Sir/Madam,

**REF: REQUEST TO CARRY OUT RESEARCH ON THE CHALLENGES IN IN THE MANAGEMENT OF PROCUREMENT SERVICES WITHIN KENYA RURAL ROADS AUTHORITY.**

I am a student at the University of Nairobi pursuing a Master's degree in Business Administration. As a requirement in fulfillment of this degree, I wish to carry out a study on the "Challenges in Procurement Services within Kenya Rural Roads Authority".

You have been chosen as you are well positioned to provide reliable information that will enable the study achieve its objectives. I intend to research the above through the use of interviews.

Any assistance accorded to me in my noble cause and information given shall be treated as confidential and will be used purely for the purpose of this research and a final copy of the document shall be availed to you upon request. Your cooperation will be highly appreciated and thank you in anticipation.

Yours Faithfully,

Lynette Bundi

## Appendix II: Interview Guide

This interview guide consists of two parts; kindly answer all the questions by ticking in the appropriate box or filling in the spaces provided.

### SECTION A: GENERAL INFORMATION

1. Please indicate the department and position that you hold at KeRRA?
2. Name of the respondent (optional).
3. What is your highest level of education? .....
4. How long have you worked KeRRA?

### SECTION B: PRACTICES ADOPTED BY KERRA IN THE PROCUREMENT OF SERVICES

5. Does KERRA have procurement policy?.....
  - a. Explain your answer .....
6. At KERRA, how are contractors paid?
7. Does your KERRA substantially control or have the right to substantially control the detailed method of work of contractor/supply quality? (Explain More)
8. Since the implementation of Procurement ACT of 2005, please indicate the change that has been encountered?

9. Do you agree with the following statements in the implementation of procurement services?

i) Control of implementation remains under the complete responsibility of the KERRA when contracting company fails to accomplish the contractual agreement?

Explain.....  
.....

ii) Protecting social (public) and environment is part of the procurement process that KERRA practices

Explain.....  
.....

iii) There are non-tangible criteria for eliminating competitors as part of public procurement policies used by KERRA

Explain.....  
.....

iv) The fight against corruption has been in jeopardy within KERRA

Explain.....

v) KERRA respond with green solutions over time, but in short-run few companies benefit

Explain.....  
.....



**SECTION C: CHALLENGES IN PROCUREMENT IMPLEMENTATION**

10 Which are the challenges that the KeRRA faces in the implementation procurement service?

(tick all that applies)

Corruption.....

Governance .....

Accountability .....

11. Does KERRA face constrain in management of procurement services?

ii) Highlight the constrains if yes?

12. What would you suggest to be done in order to mitigate challenges that KERRA face in it implementation of procure services?

13. How do these challenges affect your performance? Please tick where appropriate

Explain your answer?

14. Suggest possible ways of dealing with these challenges to improve your performance.

**THANK YOU FOR YOUR TIME.**