

**PROCUREMENT LEGISLATION AND PROCUREMENT PERFORMANCE: A
CASE OF KENYA NATIONAL HIGHWAYS AUTHORITY**

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DECLARATION

I declare this research project is my original work and has not been presented to any institution for the award of any academic certificate.

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Date

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

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DEDICATION

I dedicate this research project to my beloved family for their moral and financial support during the preparation of this research project.

ACKNOWLEDGEMENT

I am deeply indebted to my supervisors who wholeheartedly assisted me during the preparation of this project. I would also like to express my gratitude to the University of Nairobi for preparing me to be a good leader and manager in the current field of management. Also my gratitude goes to the Procurement Manager of Kenya National Highways Authority for providing resources which were very useful in preparation of my project. I would also like to thank Almighty God for granting me wisdom, good health and life.

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ABSTRACT

The public Procurement processes is a complex issue due to the multiple interests and objectives it strives to achieve simultaneously and coupled by the multiple regulatory policies and bodies it has to adhere to. The major objectives of public procurement legislation include achieving efficiency and effectiveness, and ensuring fair competition amongst suppliers. The objective was to establish the role of procurement legislation on procurement performance at Kenya National Highways Authority. The research adopted a descriptive research design where data was collected using a self-administered questionnaire that was distributed to 25 senior and middle level managers at the organization. The findings showed that procurement laws had reduce political interference in the tendering process as well as increased level of confidentiality in the tendering process. The laws also was found to have encouraged the segregation of duties among employees of procurement department; maintaining all documentation relating to the tendering process and maintaining continuous improvement with suppliers which combined has improved the transparency level in the organization. Generally, the procurement legislation had improved the organizations tendering process and level of customer satisfaction. The research had some limitation in the sense that although the indicator of procurement performance was multidimensional, a true effect of public legislation on performance should be assessed by examining multiple measures of performance representing different stakeholders.

CHAPTER ONE: INTRODUCTION

1.1 Background of the study

In today's highly competitive environment, supply chain performance is vital for the survival of firms because customers judge the performance of firms basing on their supply chain performance. Competition is no longer between firms but between entire supply chains (Veludo et al, 2004). Worldwide, national economies are faced with the challenge of improving their supply chains. The adoption of good practices in procurement is one of the ways organizations can be to make their supply chains more competitive. Public procurement is an important function of government for several reasons. First, the sheer magnitude of procurement outlays has a great impact on the economy and needs to be well managed (Calender & Mathews, 2000). Secondly, public procurement has been utilized as an important tool for achieving economic, social and other objectives (Arrowsmith, 1998).

Procurement encompasses the whole process of acquiring goods and/or services. It begins when an agency has identified a need and decided on its procurement requirement. It continues through the processes of risk assessment, seeking and evaluating alternative solutions, contract award, delivery of and payment for the property and/or services and, where relevant, the ongoing management of a contract and consideration of options related to the contract. Procurement also extends to the ultimate disposal of property at the end of its useful life (Leenders, Johnson, Flynn & Fearson, 2006).

The public Procurement processes is a complex issue because of the multiple interests and objectives it strives to achieve simultaneously coupled by the multiple regulatory policies and bodies it has to adhere to. The major objectives of public procurement include ensuring the tax payers enjoy value for money, achieving efficiency and effectiveness, and ensuring fair competition amongst suppliers. Having sound legal framework in place with the enactment of the Public Procurement Disposal Act 2005 and Regulations 2006 in Kenya today has a comprehensive legal framework for public procurement with a clear hierarchical distinction (GoK, 2001d).

Kenya has a significant demand for infrastructure and there are many issues to be addressed through the provision of modern infrastructure if the country is to meet its goals under the Vision 2030 plan. The roads sector in Kenya has made some great advances over the last five years, with the formation of the three roads authorities and implementation of some landmark projects particularly on the northern corridor. However despite these successes it also faces a number of challenges such as sourcing for right bidders for appropriate approach to road maintenance and dealing with the maintenance backlog by managing the network and its assets in a more strategic manner (Chepkorir, 2013). Given the nature of big assignments and the enormous allocation of resources, there is need to do research on its Procurement Legislation and Procurement Performance.

1.1.1 Procurement Legislation

Regulation is one way in which governments and other organisations exert control within their jurisdictions. Regulations can be expressed as Legislation, or regulatory bodies can be created with a specific duties and powers. High level of disputes amongst employees is major contributing factor slowing performance in the organizations. Every organization should have a written policy making it clear what top management considers ethical and what it considers unethical, Chartered Institute of Purchasing and Supply (CIPS, 2012).

Although public procurement is perceived as a major function of government, and although governmental entities, policy makers and public procurement professionals have paid a great deal of attention to procurement improvements or reforms, public procurement has been a neglected area of academic education and research (Thai, 2001).

No matter what policy tools have been chosen, public procurement has been one of the most legislated and regulated fields of government activities, and in the United States, legislation on this subject dates back to at least 1777 (Nagle, 1999). However since that time, there have been numerous laws and executive orders that affect how governments buy what they need to fulfill their perceived obligations to their citizens.

In the past decades, the public procurement system in Kenya has undergone significant developments. From being a system with no regulations in the 1960's and a system regulated by Treasury Circulars in the 1970's, 1980's and 1990's, the introduction of the Public Procurement and Disposal Act, 2005 and the Public Procurement and Disposal Regulations, 2006 with a critical analysis of the ethical considerations in procurement

management. The public procurement reform in Kenya was jointly initiated in 1997 by the Government of Kenya and the World Bank (GoK, 2001d). Public Procurement Oversight Authority (PPOA), as a legislation body whose primary role is to ensure that procurement procedures established under the Act are adhered to (Ngari, 2012).

Another body regulating professionalism is the Kenya Institute of Supply and Management (KISM). It is a national body for professionals in the practice of procurement and supplies management in Kenya that draws its mandate from the “Supplies Practitioners Management Act No.17 of 2007.” that provides the legal framework within which the Institute is established and operates as a corporate body promoting learning, development of best practices, and application of the same to the practice of procurement and supply chain management (GoK, 2007).

1.1.2 Procurement Performance

Performance has been described as the degree of achievement of certain effort or undertaking. It relates to the prescribed goals or objectives which form the project parameters (Chitkaria, 2005). For organization to change its focus and become more competitive performance should be a key driver to improving quality of goods and services while its absence or use can act as a barrier to change and might lead to deterioration of procurement performance (Amaratunga & Baldry, 2002). Although this sounds easy, it is often difficult to develop measures that direct behavior or activity exactly as intended. Some firms still rely on measures that could be harmful, depending on performance objectives, rather than supporting long-term performance.

The reasons of measuring and evaluating procurement performance include support better decision making, support better communication, provide performance feedback and motivate and direct behavior (Handfield, Monczaka, Giunipero & Petterson, 2009) and for organisations which do not have performance, their processes and plans experience lower performance and customer dissatisfaction and employee turnover (Artley & Stroh, 2001; Amaratunga & Baldry, 2002).

According to Van Weele (2002) procurement performance is a measure of identifying the extent to which the procurement function is able to reach the objectives and goals with minimum costs. Recently, there has been increased interest in public procurement as a strategic function of government, and this interest is mirrored in private sector purchasing (Giunipero, 2000). Rather than a rule-based, single transaction perspective on the role of the public procurement practitioner, observers must now also consider “spend analysis,” “strategic sourcing,” “commodity councils,” and improved management of the supply chain to be integral aspects of the field.

Procurement must be conducted with probity in mind to enable purchasers and suppliers to deal with each other on the basis of mutual trust and respect. Adopting an ethical, transparent approach enables business to be conducted fairly, reasonably and with integrity. Ethical behavior also enables procurement to be conducted in a manner that allows all participating suppliers to compete as equally as possible. The procurement process rules must be clear, open, well understood and applied equally to all parties to the process (GoK, 2005).

The procurement system in Kenya varies in major ways due to the fact that most projects are Government funded but others are Donor Funded Institutions like the World Bank, International Monetary Fund and the European Union and thus there is no consistency in the procurement system thus creating loopholes for unethical staff to embezzle money through means like defining specification to fit single contractors, substituting specified goods with inferior goods selective release of information to favor contractors, charge for skills below those specified which is causing poor quality being procured (Okwiri, 2012).

1.1.3 Procurement Legislation and Procurement Performance

Supply chains are becoming increasingly complex; there are numerous elements in the supply chain that may stop companies from achieving their business objectives unless they embrace good procurement practices. In addition to operational, logistics and customer service risks, reputational risk also needs to be taken seriously. For many organisations, significant new opportunities are emerging, particularly as markets are created for lower carbon, more sustainable goods and services (PWC &Eco Vadis, 2010). Public service Agencies aim at making the best use of ‘Value For Money’ for the members of the public. This involves client satisfaction, public interest, fair play, honesty, justice and equity (Korosec & Bartle, 2003). Recent studies have also pointed out that the significance of moral and ethical behavior in addition to technical and professional competencies (Schlosser, 2003).

Ideally, providing a means for identifying best practices, providing a structure for sharing knowledge and learning the methods and techniques partners can use to make improvements, forms the basis of high performance in the supply function, thus a

successful organizational performance. Regulations help in measuring the performance of procurement and is found to be yielding benefits to organizations such as cost reduction, enhanced profitability, assured supplies, quality improvements and competitive advantage (Batenburg & Versendaal, 2006).

Edgar and Niegel (2006) in their research titled public procurement reform in developing countries: the Ugandan experience, procurement in Uganda consists 70% of the national budget and yet according to the inspector general of government 90% of complaints about corruption in the office are procurement related due to unethical practices resulting from lack of proper Procurement Legislation. Organizations should be able to improve their performances by changing their ways of doing things by putting in place the right policies governing the procurement function and also by focusing on key drivers of performance to make them competitive in the market. This will lead to improved quality, timely deliveries and customer satisfaction (Amaratunga & Baldry, 2002).

Kipchilat (2006) evaluated the impact of the public procurement regulations on procurement in Kenya Universities .The findings indicate that the Public Universities need to comply with Public Procurement Regulations in their Procurement Entities. Therefore, managing the risks associated with the complex competitive environment give rise to accountability problems as the roles and responsibilities of the participants in the process are not clear. The studies have not conclusively focused on the Procurement Regulations and Performance but mainly focused on Procurement Practices.

1.1.4 Kenya National Highways Authority

An Agency is a state Corporation body established by an Act of Parliament or under the Companies Act Cap.486 that is wholly owned by the government or by a Government Agent whose majority shares are controlled by the Government or its agent called the Executive Agency a Semi-Autonomous Government Agency (SAGA), established under the law to perform specific functions of a Ministry or Government department in a more focused and efficient manner while operating within the ambit of the Ministry/Department but at arm's length (Abdi, 2012).

Kenya National Highways Authority (KeNHA) is a government parastatal and an autonomous road agency, responsible for the management, development, rehabilitation and maintenance of international trunk roads linking centres of international importance and crossing international boundaries or terminating at international ports classified as Class A roads, national trunk roads linking internationally important centres classified as Class B roads, and primarily roads linking provincially important centres to each other or two higher class roads classified as Class C roads (Kenya Roads Act, 2007). According to budget report Financial Year 2013/2014 – 2015/2016, Kenya National Highways Authority spent Kshs51,490,000,000, Kenya Rural Roads Kshs10, 500,000,000, Kenya Urban Roads Authority Ksh34, 000,000,000 and Kenya Roads Board Ksh7, 005,000,000 (GoK, 2013).

1.2 Problem Statement

Public procurement is concerned with how public sector organizations spend taxpayers' money on goods and services and it is one area where corruption is rampant in both developing and developed countries and implementation of ethical procurement is a big challenge (Hall, 2009). It is one department that contributes tremendously to the organization's efficiency and effectiveness. If procurement department bought all is required in the organization at the right time, price, place quantity and quality all the other departments within the organization would derive great benefits from this and would thus be able to serve their both internal and external customers better (Sneider & Rendon, 2001).

Procurement fraud is the second most frequently reported form of economic crime behind asset misappropriation, according to a study showed 29 percent of organizations had experienced procurement fraud. The sectors reporting the most procurement fraud were state-owned enterprises, followed by energy, utilities and mining, engineering and construction and transport and logistics. The report also referred to the "fraud triangle" of elements that are often present in wrongdoing. These were pressure, opportunity and rationalization. The countries reporting the highest levels of economic crime were: South Africa, Ukraine, Russia, Australia, Papua New Guinea, France, **Kenya**, Argentina, and Spain (PwC Global Economic Crime Survey, 2014).

De Boer and Telgen (1998) attributed non-compliance in public procurement to lack of purchasing professionalism in the public sector. Knudsen (1999) noted that procurement

departments are faced with problems of not having enough information about the procurement procedure, its inputs, outputs, resource consumption and results and are therefore unable to determine their efficiency and effectiveness. This problem requires establishment of clear procurement procedures and performance standards. Performance when adopted it provides the decision-makers in the procurement department with unbiased and objective information regarding the performance of the procurement function and how this affects operations in the company.

According to (Kimalu, 2009) the procurement system in the public entities generally lack clear policies to guide the process and encourage suppliers who can do business with them. For instance, the existing guidelines discourage supplier development and collaborations due to the short term nature of most corporations. Secondly, the payment procedures for goods supplied and work done takes long time to be made thus exposing procurement performance to a very high risk. According to Odhiambo and Kamau (2005), the bulk of corrupt practices in Kenya have occurred in public procurement and caused by opaque and unaccountable regulations. Some of the corrupt individuals include the procurement that are influenced self-interests and by external forces.

Abdi (2012) studied procurement practices in Kenya's Public Corporations and found that employees understand what each supposed to do, there is also segregation of duties thus there are incidences of collusion among them. Okwiri (2012) studied of the roles of ethics in Supply Chain Management of oil Corporations and found that employees should be ethical responsible to enhance the performance of procurement in institutions.

Looking at the studies above it is evident that there has not been a study linking procurement regulations and procurement performance in Road Agencies in Kenya leaving a gap that necessitated this study since the Regulations were established to reduce these problems. The study will intend to achieve this by seeking to answer the questions; how do the Public Procurement and Disposal Act and Regulations affect the procurement processes and procurement improvements in Road Agencies? What is the level of Implementation in regard to Procurement Legislations and Procurement Performance among Road Agencies in Kenya? What are the challenges facing the implementation of these Acts and Regulations?

1.3 Research objectives

- i. To establish the extent of implementation of Procurement Legislation in Kenya National Highways Authority.
- ii. To establish the challenges facing Kenya National Highways Authority in implementing Procurement Legislations.
- iii. To determine the effects of Procurement Legislation on Procurement Performance in Kenya National Highways Authority.

1.4 Importance of study

The findings of this study are intended to benefit the Kenya National Highways Authority in appreciating Procurement Legislations when making and implementing decisions in the midst of declining Procurement Performance. The policy makers and planners will use the research's findings to put in place Procurement Legislations necessary to mitigate

the declining Procurement Performance so that they can save costs, get value for money and meet customer satisfaction.

Procurement as a profession is dynamic and is experiencing challenges on a regular basis thus the findings of this study will inform procurement Professionals on areas that require their attention both at their working places and in their other professional engagements. This will make feel and own the entire process when executing their responsibilities.

The findings and recommendations of this study also will be used by the researchers to advance their skills and knowledge, as well as the academicians to understand more on socio-cultural and economic factors influencing procurement legislations and how to improve them in order to come up with better rules and procedures of enhancing procurement processes in State Corporations and other Agencies. The researchers can pick from here and advance their research.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter deals with related literature on the study of Procurement Legislation and Procurement Performance by other scholars. The areas that will be discussed include; the Procurement Legislations, Procurement Performance and the Challenges facing their implementation.

2.2 Procurement Legislation

Thai (2001) found that procurement regulations established by policy makers is the institutional framework within which procurement professionals and program managers implement their authorized and funded procurement programs. A study by Akapumuza, Bakunda, Kayongo et al (2008) developed a conceptual framework for assessing the Public Procurement Law in Uganda established that indicators of efficacy are conformance to specifications, satisfaction of user departments, compliance to the Public Procurement and Disposal Act and achievement of its objectives.

According to McCue and Gianakis (2001) who examined state and local government practitioner's formalized procurement activities, the action items that ranked highest included identifying sources, determining procurement methods, and evaluating offers. The next grouping in order of priority was procurement implementation, to include follow-up on orders, developing effective relationships with contractors, and various contract administration-related tasks

The public procurement system in Kenya has reformed to an orderly and legally regulated system governed by the Public Procurement and Disposal Act, 2005 and Regulations 2006. Prior to this, in Central Government it was governed by Treasury Circulars from 1969, the Supplies Manual of 1978, before the promulgation of the Exchequer and Audit. The government has the obligation of providing goods, works and services to meet a variety of citizen needs (GoK, 2005).

The Principal reason for the enactment of the Act was to have a legal regime that weeds out inefficiencies in the procurement process, remove patterns of abuse, and the failure of the public purchaser to obtain adequate value in return for the expenditure of public funds. However, these objectives have never been fully achieved in practice. Further that key provisions of the Act and the Regulations are replete with textual weaknesses that have often been abused by procuring entities. The Regulations do not envisage contemporary market realities hence the need to continuously revise them to keep pace with these developments (Wanyama, 2010).

2.3 Procurement Performance

Being transparent about business happenings helps build trust in brands. Ethical produce is a growing market, so can help attract investors. Sourcing ethically also helps motivate staff and promote loyalty, and you may save future upheaval if you act now, as it doesn't look like this issue is going away. Companies that embrace the essence of relationship with suppliers in areas of transaction eventually, create a room for win-win situation approach in their primary activities. This attribute enables companies in question to leap

benefits from each other since every company works for the best of each other hence this ensures a high degree of supply performance (Lysons, 2000).

In public sector, performance measurement, accountability is the central concern. This is viewed as a warning, diagnosis and control system that is used to keep economy, efficiency and effectiveness (Telken & Smeenk, 2003). Roberts (2003) investigated the nexus between corporate reputations, management of sustainability issues and social impact of supply networks in the context of branded clothing, wood products and branded confectionary. The study revealed a strong relationship between reputation and the expectation of key supply chain stakeholders found strong links between corporate reputation and the presence of an 'ethical sourcing code of conduct'. In addition, Kakwezi and Nyeko (2010) on their study on procurement process and performance they found that procurement efficiency and procurement effectiveness of the purchasing function are measures of procurement performance.

Corporate social responsibility (CSR) is viewed as an organizational philosophy that directs firms to consider and minimize the social impact of their profit making activities. While such an orientation may be said to detract from the core function of a business; namely to make a profit, prior research has reported direct links between a firm's corporate reputation and performance indicators such as profitability and customer satisfaction. Firms with a formal system to monitor and report on CSR issues in their supply chain will enjoy performance advantages and greater commitment from internal and external stakeholders (Handfield et al, 2005).

The global orientation and increased performance-based competition, combined with rapidly changing technology and economic conditions, all contribute to market place uncertainty. This uncertainty requires greater flexibility on the part of the individual companies and distribution channels, which in turn, demands for more flexibility in channel relationships. For this to be achieved, a firm must have a fit between SCM competencies, implementation of strategy and SCM capability with its suppliers and distributors. This will enhance competitive advantage of the business and improve corporate performance (Awino, 2009).

In Kenya, Supply Chain Management has been evidenced by increased number of inefficient procurement practices thus operating below ethical standards. If the workforce is not adequately educated in such matters, this may lead to serious consequences; including, breaches of codes of conduct, corruption and loss of funds. There is also a little contribution to sustainable development by encouraging business practices that embrace Social, Environmental and Financial responsibility affecting business operations thus the need to regulate the profession (Abdifatah, 2012).

2.4 Procurement Legislation and Procurement Performance

The inception of legislation in different countries has had a number of effects. Procurement Legislation helps to get the best sources of goods and services in the market by establishing only the best valuable suppliers to deal with. Reduction of supply base paves way to high degree of efficiency in procurement function and this attribute translates to success in an organization's performance (Lysons, 2006).

A number of studies have been carried out on procurement both local and International.

At the International level public sector managers have to deal with a more competitive environment than has been the common practice in the past. The public is also demanding greater accountability and better service (Gunasekaran, 2005). Brammer and Walker (2007) carried out a study on the Sustainable Procurement practice in the public sector. The findings indicate that a wide range of sustainable practices are embedded to some degree in public sector procurement legislations around the world and that the extent and nature of sustainable procurement varies significantly across countries.

At the regional level, study by Eyaa and Ntayi (2010) on procurement practices and supply chain performance of SME's in Kampala was done. The study concluded that the purchasing risk taking was a significant predictor of supply chain performance while purchasing knowledge and skills and strategic purchasing were not. At the international level, governments are often involved in trading activities and procure goods and services such as defense equipment, provide or receive aid, and operate diplomatic posts in other nations and the conduct of these activities results in financial risk exposures, and accountability problems. According to Akapumuza et al (2008) the interaction of the PPDA with established organization structures and existing procurement personnel have an effect on the procurement process. Walker and Sidwell (1996) say that performance quality should not be measured on the basis of time and cost only but also service quality as well other relevant measures like policies in place.

Local studies were done as well. Abdi (2012) did a study on Procurement Practices in Kenya's Corporations and established that there exist a number of procurement practices with a lot of associated risks that let to financial losses resulting from procurement processes. The study concluded that the Corporations should come up with procurement risk mechanisms so as to protect the Organizations from losses related to procurement irregularities. Onyinkwa (2013) on her study on factors influencing compliance to procurement regulations in public secondary schools acknowledged the importance of ethics, awareness and training in compliance to procurement procedures and regulations however; a lot needs to be done to improve ethical conduct, knowledge of employees on procurement regulations and training because failure to comply with the regulations failure of which can lead to major losses for the government funds.

2.4.1 Challenges facing the implementation of Procurement Legislation

Countries in both developed and least developing have instituted procurement reforms involving laws and regulations. The major obstacle however has been inadequate regulations compliance (Gelderman, Glijsen & Brugman, 2006). Hui (2001) established that procurement officers were involved and blamed for malpractices and non-compliance to procurement policies and procedures in Malaysia.

Developing and achieving sound procurement practices is not easy because of complex issues like bureaucracy, conflict of interest and corruption thus calling for legislation. It consumes a lot of time, entails breaking down barriers between internal groups, demands a new approach to suppliers, and requires significant investment in at least a couple of the following areas: people, training, analysis, measurement, technology and suppliers.

Leading companies in both manufacturing and service industries have used superior supply management strategies and procurement practices to gain a competitive edge in their markets. Good procurement practices can enable an organization to achieve efficiency in the supply chain (Emmanuel, 2009).

According to the parliamentary account committee on common wealth heads of government meeting report (2009), the effects of unethical procurement include; Poor quality of materials purchased, inflated prices resulting to the loss of government funds. According to Public Procurement and Disposal Act 2005 and Regulations 2006 “corruption” has the meaning assigned to it in the Anti-Corruption and Economic Crimes, Act, 2003 and includes the offering, giving, receiving or soliciting of anything of value to influence the action of a public official.

Furthermore, a study by Ngari (2012) on the effects of Public Procurement and Disposal Act, corrupt officers, nonresponsive bids, ignorance of the PPDA guidelines, inefficiency of the PPOA on enforcing the penalties to the offenders and lack of organizational incentives and pressures for Public procurement guidelines implementation are challenges to the PPDA to great extent. It is also as result of conflict of interests from same parties. Collusion by parties, this is an agreement between two or more parties, sometimes illegal and therefore secretive, to limit open competition by deceiving, misleading, or defrauding others of their legal rights, or to obtain an objective forbidden by law typically by defrauding or gaining an unfair advantage. Bidders can collude resulting to non-competitiveness or non-responsiveness of tenders.

2.5 Empirical review

The results of empirical studies on these issues have produced mixed results. According to Weele (2010), procurement is the acquisition of goods or services. It entails the steps that are used in the acquisition of goods and services and it is most significant aspect characterizing an organization's supply chains as well as the aspect of supply management which provides some of the most value-added benefits to the organisation. It is favorable that goods or services are appropriate and that they are procured at the best possible cost to meet the needs of the purchaser in terms of quality and quantity, time, and location. Corporations and public bodies often define procurement processes intended to promote fair and open competition for their business while minimizing exposure to fraud and collusion. Van Beurden and Gossling (2008) in exploration of the connections between CRS in companies and performance, examines its impact on stakeholders; owners, staff, suppliers, customers the public and even generations to come.

The concept of procurement legislation was to bring sanity in the public procurement in state and public owned procurement entities where the process was riddled with corruption and mega kickbacks and subsequent loss of billions of shillings. The procurement systems in the public sector aim to maximize overall value for money for citizens. This requires considerations of issues such as client satisfaction, the public interest, fair play, honesty, justice and equity (Onyinkwa, 2013). According to Mlinga (2004), Value for money is the core principal of underpinning public procurement, incorporating Ethical behavior and the ethical use of resources .The application of the highest ethical standards will help ensure the best achievable procurement outcome.

According to Abdi (2012) in his research on Procurement Practices in Kenya Public Corporations found that segregation of duties among employees of procurement department; maintaining all documentation relating to the tendering process, maintaining continuous improvement with suppliers are some of the practices that will improve Procurement Legislation and procurement performance. Onyango (2012) in his study examining the role of Ethics in supply chain management found that when organizations institute proper ethical principles, moral standards, training, codes of ethics , ethics culture and employee behavior in their supply chains, then supply chains processes and performance will improve.

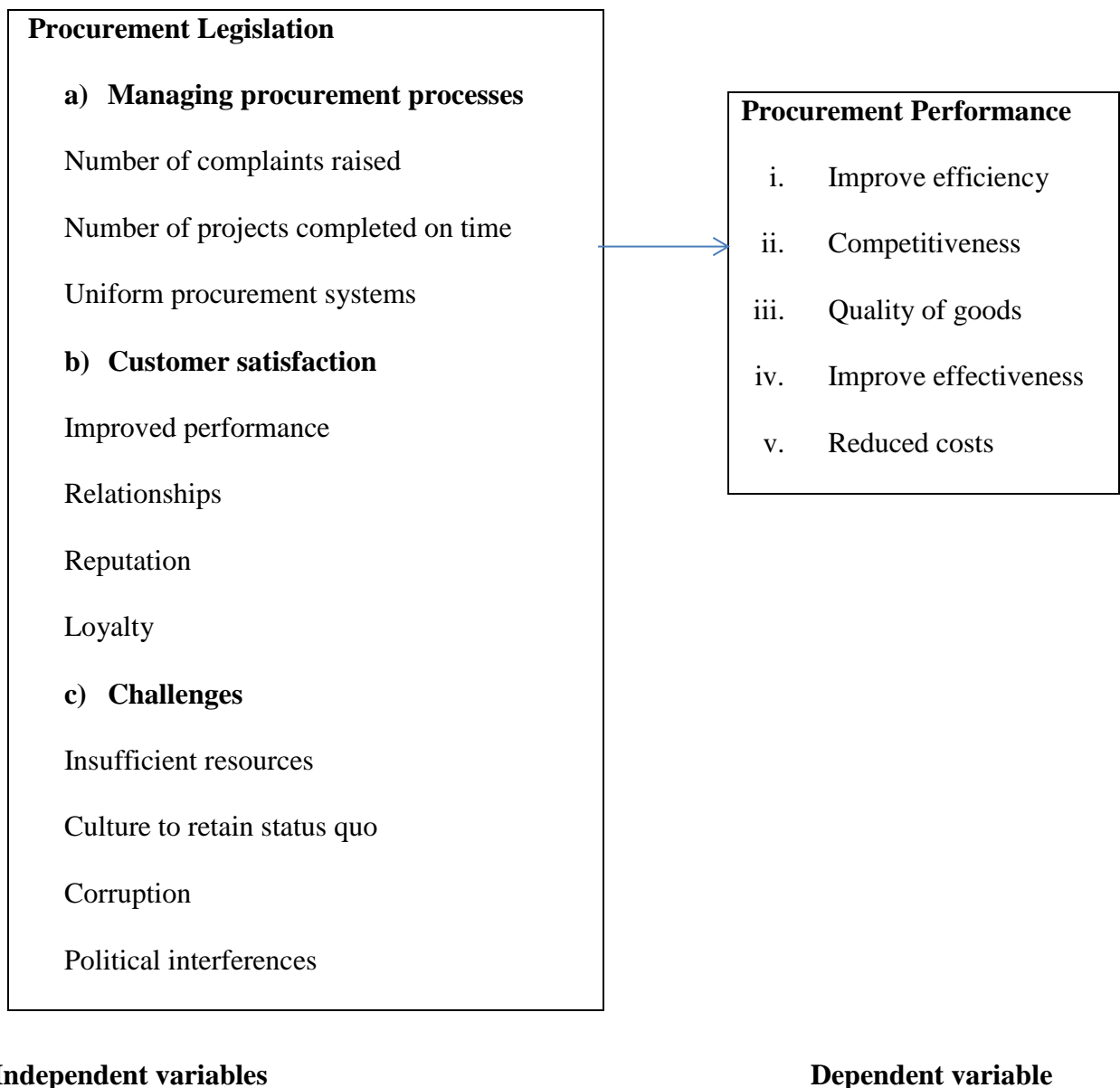
2.6 Summary

Ambayo (2012) in his study of Supply Chain vulnerability and Customer satisfaction indicated that dissatisfaction among stakeholders brought about by loopholes left by the Regulations which may be used by dishonest people to make the process inefficient. It was also found that lack of procurement planning, corruption and conflict of interest and political interference has led to procurement of poor quality products in the State-owned Corporations in Kenya. And with regard, however, fostering the highest possible standards of professional competence amongst those whom are responsible; optimizing the use of resources for which they are responsible to provide the maximum benefit to their employing organization; complying both with the letter and spirit of the law of the country and contractual obligations and by rejecting any business practice which might reasonably be deemed improper (Kapila, 2008).

2.7 Conceptual Framework

According to Mugenda and Mugenda (2003), a conceptual framework refers to conceptualization of the relationship between variables in the study and it is shown diagrammatically. Using this, the researcher is able to show the relationships of the different constructs that researcher was to investigate.

Figure 1.1: Conceptual framework



All the aforesaid reform initiatives were geared towards improving the public procurement system by enhancing accountability and transparency with the aim of achieving value for money, and attracting investments by creating a sound business climate. These reforms have ensured fairness and competition among suppliers of goods, works and services, thereby restoring the confidence of Kenyans in the public procurement process while at the same time ensuring that the Government gets the best V.F.M (Ngari, 2012).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the overall methodology used to carry out this study. It embodied the research design, population consideration, sampling design, data collection methods, research procedures and the methodology that was used.

3.2 Research Design

The study was a descriptive research design. The design attempts to describe systematically a situation, problem, phenomenon, service or program or provide information about say living conditions of a community or describes attitudes towards an issue. The major purpose of this design is description of the state of affair as it exists at present and was to generate answers to the problem under the study. The result of the research design was to be used as blue print for collection, measurement, and analysis of the data (Kothari, 2004).

The study was done in the Kenya National Highways Authority (KeNHA) being the biggest spending Road Agency.

3.3 Population

The target population consisted of all the 330 employees of Kenya National Highways Authority. The population was divided into three main strata based on their levels of management as per the organisation structure namely; the top management, middle level management and Lower level staff.

3.4 Sample Design

The study used stratified sampling design that involved the division of target population into sub groups of strata in order to give equal representation of all the staff in the organization such as the top managers, middle level managers and the lower level staff. The division looked suitable as it was based on the organization structure and staff ranks. Mugenda and Mugenda (2003) contend that a sample size should be at least 30 respondents or 10 % of the target population. For the case of this study, the sample size was 30.

Table 3. 1: Population Size

Stratum	Population	Sample	Ratio (%)
Managers	60	5	18
Middle-level Managers	110	10	33
Lower level officers	160	15	49
TOTAL	330	30	100

3.5 Data Collection

Primary data was used in this study. The primary data was collected through the use of questionnaires given to the respondents from Kenya National Highways Authority who then filled the Questionnaire. The questionnaires were serialised for easy administration, distributed and collected by hand delivery because the area of study was within reach. To administer the progress, the respondents were contacted through telephone. Open-ended

questions were used as it allowed for a greater variety of responses from participants that were made during the study in the Road Agency.

3.6 Data Analysis

After collection, the questionnaires were counted to confirm whether some are missing, sorted and checked for reliability and accuracy. Data was coded as per the objectives to give distinct differences. To establish the extent of implementation of procurement legislation in the Agency; the mean, the standard deviation and the variance of the data collected with help of SPSS was calculated. The results were also presented with the help of tables.

To establish the challenges facing the Road Agency, there was need to look at the level of response by the respondents on how the systems were like before compared to now. It was justified by looking at their relationships between the variables and analyzing the level of process improvement and procurement performance before after the legislation put in place with the use of multivariate regression analysis was done on the data collected.

The model $Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$ was used.

Where;

Y= Procurement Performance,

β_0 = Constant,

X_1 = Management of Tender processes

X_2 = Challenges facing Procurement Legislation

X_3 = Customer satisfaction

β =Coefficient of determination while ε is the error.

To determine the effects of Procurement Legislation on procurement performance, the data analysis was to look at the level trends and patterns of the mean, variance and the standard deviations of the different variables from the questionnaires to confirm the challenges before and after the putting in place the procurement legislations.

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSIONS

4.1 Introduction

The research objective was to establish the role of procurement legislation on procurement performance: a case study of Kenya National Highways Authority. This chapter presents the analysis, findings and the discussions with regard to the objective. The analysis was presented in mean and standard deviations while the findings are presented in frequency distributions and tables.

4.2 Background Information

The demographic information considered in this study included the age of the respondents, education level and length of continuous service. A total of 30 questionnaires were issued, out of which 25 were successfully completed and returned for analysis. The returned questionnaires' represented a response rate of 83% and this response rate was deemed to be adequate in the realization of the research objectives.

4.2.1 Age of the Respondents

This section of the questionnaire sought to establish the respondents age which will also assist in correlating with the years of continuous service that they will have operated. The results are presented in table 4.1 below.

Table 4. 1: Age of respondents

Age of the Respondent	Frequency	Percent	Cumulative Percent
20-29	9	37.0	37.0
30-39	6	25.9	63.0
40-49	8	33.3	96.3
Over 50	2	3.7	100.0
Total	25	100.0	

The above findings show that majority of the respondents fall in the age bracket of 20-29 years (37%) and this could be due to the organisation having been established less than 10 years ago and it has recruited new staff in setting up its structures. This category of staff was then followed by those in the age bracket 40-49 years (33.3 %), 30-39 years (25.9%) and finally over 50 years (3.7%). This group of staff is likely to be those that were seconded from the parent ministry to the new unit. The combination of this group of staff provided exhaustive answers to the questions since they have been involved in the procurement process under the old legislation as well as the new Public Procurement and Disposal Act (2005).

4.2.2 Educational Level of the Respondents

The respondents were asked to indicate their highest level of education. The competence of a respondent was assumed to have a direct relationship with ones education level, *ceteris paribus*, and was expected that those respondents that have attained higher education level and worked in the organization for more years were in a better position to give the correct answers to the questions asked. The results are provided in table 4.2 below.

Table 4. 2: Education Level

Educational Level	Frequency	Percent	Cumulative Percent
Diploma	10	40	40
Graduate	7	28	68
Postgraduate	5	20	88
Others	3	12	100
Total	25	100	

From the table above it was found that all the respondents had tertiary college qualification which in this case is a diploma (40%), university education (28%), postgraduate (20%) while those respondents with other qualifications; possibly the drivers and the office assistants comprised of 12%. From the results, the 88% respondents were deemed to be competent enough to answer according to the researchers questions.

4.2.3 Continuous service with the organization

The respondents were asked to indicate how long they had worked for the organisation. This is the duration of continuous service that the respondents had worked at KeNHA. The result is represented in table 4.3 below.

Table 4. 3: Length of Continuous Service

	Frequency	Percent	Cumulative Percent
Less than five years	23	92	92
5-10 years	2	8	100
Total	25	100	

The findings above indicate that majority of the respondents (92%) had been working in the organization for a period less than five years while the remaining of the respondents (2%) had worked in a period exceeding five years. On the basis of the same finding, majority of the respondents had joined the organization during its early years and since the institution is requires technical persons, it means that sourcing of the same people might have been done in a period less than five years since the institution was established in 2008.

4.3 Extent of implementation of Procurement Legislation

Procurement Legislation has been reformed to be an orderly and legally regulated system resulting to improved services despite the challenges coming with its implementation.

This section of the questionnaire sort to establish from the respondents how existence and observance of procurement laws has affected the implementation of three activities in the organization namely; Management of Tender Processes, Challenges facing the implementation of Procurement Legislation and level of Customer Satisfaction. The range was ‘very low extent (1)’ to ‘very great extent’ (5). The scores of very low extent/low extent have been taken to present a variable which had a mean score of 0 to 2.5 on the continuous Likert scale; ($0 \leq S.E < 2.4$).

On the other hand scores of ($2.5 \leq M.E < 3.5$) represented moderate extent and ($3.5 \leq G.E < 4.8$) on the continuous Likert was taken to be great extent and very great extent.

This finding would assist the researcher to determine how the procurement laws have affected the undertaking of procurement functions. The findings are presented in the table below.

Table 4. 4: Management of Tender Processes

Statement	Mean	Std. Deviation
Increased number of orders processed	4.26	0.76
Reduced number of complaints raised	3.83	1.31
Increased number of projects completed on time	3.56	0.89
Uniform procurement systems	4.07	0.92
Proper utilization of resources	3.89	1.05
Reduced Conflict of interest	3.56	1.22
Improved performance	3.26	1.13
Reduced costs	3.70	1.17
Politics hinders implementation of legislation	4.22	0.89
Increased confidentiality	4.15	0.91
Overall mean	3.85	

The findings above show that there has been increased number of orders applied to the organization as well as the orders processed as a result of applying procurement laws (M= 4.26, S.D=0.76) indicates that there was concurrence among the respondents on this effect on orders processed as a result of adopting the procurement laws. These findings correspond that of McCue and Gianakis (2001) who found that state and local governments identify sources, determine procurement methods and evaluate offers in managing their procurement processes. The ability of the procurement laws to reduce political interference in the tendering process at KeNHA (M=4.22, S.D=0.89) as well increased level of confidentiality in the tendering process also came out predominantly in the research (M=4.15, S.D=0.91).

The finding also found there are uniform procurement procedures realized due legislation in the organisation (M=4.07, S.D=0.92), utilization of resources was also impacted to a great extent (M=3.89, S.D=1.05). The respondents also indicated there was a significant reduction of customer complaints raised against the organisation thus building its confidence (M=3.83, S.D=1.31). In addition projects completed in time (M=3.56, S.D=0.89) had also a significant impact on cost reduction in the organisation (M=3.70, S.D=1.17). However, it was found that procurement laws has moderately improved the performance of the organisation (M=3.26, S.D=1.13) and similarly, the laws as helped in reducing conflict of interest among the staff since their interference in the tendering process has been limited (3.56, S.D=1.22). This findings will be consistent to that of Ngari (2012) who observed that the effects of Public Procurement and Disposal Act, has helped in reducing level of corruption among the state officers due to the high penalties levied on non-conformance to PPDA guidelines.

Further as Abdi (2012) observed, the PPDA guidelines encourages the segregation of duties among employees of procurement department; maintaining all documentation relating to the tendering process and maintaining continuous improvement with suppliers. This therefore explains why the findings shows that there has been improved level of finalizing projects undertaken since the adoption of the PPDA. Using their average mean, the respondents had common ground that Procurement Legislation had a positive impact on managing tendering processes to a great extent (M=3.85, S.D =1.02).

4.4 Challenges Facing the Implementation of Procurement Legislation

The procurement process can be hampered by non-compliance to the procurement regulation by various actors within and outside the organization. Towards the same, the researcher sought to establish how non-compliance has been affected by the adoption of the legislation. The range was ‘very low extent (1)’ to ‘very great extent’ (5). The scores of very low extent/low extent have been taken to present a variable which had a mean score of 0 to 2.5 on the continuous Likert scale; ($0 \leq S.E < 2.4$). On the other hand scores of ($2.5 \leq M.E < 3.5$) represented moderate extent and ($3.5 \leq G.E < 4.8$) on the continuous Likert was taken to be great extent and very great extent. The effect of the procurement legislation on the challenges is represented in table 4.5 below.

Table 4. 5: Challenges Facing Implementation of procurement

Statement	Mean	Std. Deviation
Lack top management support	2.00	1.14
Political interferences	2.78	1.34
Lack of funds	2.63	1.45
Lack proper planning	2.37	1.45
Lack of staff motivation	2.74	1.10
Non responsiveness of bids	2.30	1.35
Inefficiency of PPOA enforcing on penalties on offenders	2.85	1.35
Increased Corruption	2.07	1.21
Conflicts of interests	2.48	1.28
Organization's culture and the desire to maintain status quo	2.41	1.28
Overall mean	2.46	

The findings above shows that there has been a minimal effect of the adoption of procurement in arresting some of the challenges that face the procurement process at KeNHA. The capacity of the procurement legislation reduced in low extent due the lack of management support and poor planning (M=2.00, S.D=1.14) and (M=2.37, S.D= 1.45) respectively. and reduced level of corruption (M=2.07, S.D=1.21) was found to be of low extent. Similarly, Hui (2001) established that procurement officers were involved and blamed for malpractices and non-compliance to procurement policies and procedures in

such countries with developed economies such as Malaysia. This was also in agreement with the findings that lack of staff motivation also is great challenge facing the organisation (M=2.74, S.D=1.10).

Inefficiency of PPOA enforcing on penalties on offenders was also found not to have been enhanced as a result of adoption of the procurement legislation (M=2.85, S.D=1.35) and political interferences (M=2.78, S.D=1.34) were found to be the most profound challenges faced by the organisation. These findings relate to Emmanuel (2009) that developing and achieving sound procurement practices is not easy because of bureaucracy, conflicts of interests and corruption. In relation to the above, the research also found that conflict of interest amongst employees was also a challenge in realizing good procurement legislation (M=2.48, S.D=1.28).

In general, the ability of the procurement legislations to contain the challenges that face the procurement process in the organization was least affected by the PPDA adoption. This is a worrying situation for the organization and shows that the major hindrance to effective procurement process is the enforcement of ethical code of conduct by staff and other actors in the supply chain. This finding is consistent to other findings such as by Gelderman, Glijsen and Brugman, (2006) who observed that major obstacle facing the procurement process especially in the developing countries is inadequate regulations compliance.

Non-responsiveness of bids was also found to be another challenge facing the organisation to lower extent (M=2.30, S.D=1.35). These findings confirmed to what Ngari (2012) found out non-responsiveness of bids together with ignorance of PPDA guidelines affected its implementation to a greater extent. Indeed as Emmanuel (2006) noted, developing and achieving sound procurement practices is not easy and consumes a lot of time, and requires significant investment on people training and suppliers. All these findings are supported by the present findings.

4.5 Customer Satisfaction

From the view of the customer, the researcher sought to establish whether as a result of implementing the PPDA, there has been an increased level of customer satisfaction assessed from the point of various parameters. The findings on the same is presented in table 4.6 below.

Table 4. 6: Effect of procurement Legislation on Customer Satisfaction

Statement	Mean	Std. Deviation
Increased organizations reputation	3.98	1.19
Continuous improvement in procurement cycle	3.74	1.16
Increased level of transparency	3.37	1.14
Increased customer relationship	3.67	1.11
Promoted innovation in public sector	3.22	1.25
Improved transparency	3.93	1.04
Improved quality	3.89	0.93
Promoted ethical standards	3.98	0.93
Increased Corporate Social Responsibility	3.66	1.26
Environmental Impact	3.63	0.93
Overall mean	3.71	

Implementation and adoption of procurement legislation by the organization was found to have been improved its reputation (M=3.98, S.D=1.19), increased transparency (M=3.93, S.D=1.04) and enhancement of the ethical practices within the organization (M= 3.98, S.D=0.93) was found to have increased the firms positive views from the organisation's customers. These findings are almost similar with Roberts (2003) who found that there was a strong relationship between corporate reputation and ethical sourcing code of conduct. Recent studies have also pointed out that the significance of moral and ethical

behavior in addition to technical and professional competencies have increased customer satisfaction (Schlosser, 2003).

Procurement legislation was also found to have increased CRS (M=3.66, S.D= 1.26) and enhanced environmental impact assessment of the organisation (M=3.63, S.D =0.93) therefore ensuring that the environment is preserved as the infrastructure is being developed. In relation to these findings, however, Abdifatah (2012) found that there is little contribution to social, environmental and sustainable procurement and called thus the need to regulate the profession. Generally, other related research findings have found that Public service Agencies aim at making the best use of 'Value For Money' for the members of the public by involving client satisfaction, public interest, fair play, honesty, justice and equity (Korosec & Bartle, 2003).

4.6 Procurement Performance

The questions sought to establish from the respondents how procurement performance has changed as a result of enactment and adoption of the procurement legislation. The results are presented in table 4.7 below.

Table 4. 7: Procurement Performance

Procurement Performance	Mean	Std. Deviation
Improved efficiency	3.78	1.12
Increased competitiveness	3.93	1.07
Improved quality of goods	4.28	1.19
Reduced conflicts of interests	3.98	1.06
Reduced costs	4.16	1.01
Promoted innovation in public sector	3.85	0.95
Reduced corruption cases	3.26	0.09
Overall mean	3.89	

The findings from the table above shows that there has been improved quality of final products that the organization produces in form of the highways constructed (M= 4.28, 1.19), reduced costs of constructing the same products (M=4.16, S.D=1.01) and increased competitiveness of the organizations services (M=3.93, S.D=1.07) as well as reduced level of conflict of interest between the organizations staff (M=3.98, S.D=1.06) thus concurring with Batenburg and Versendaal (2006) findings that legislation helps procurement performance by yielding benefits such as cost reduction, quality improvements and competitive advantage.

However, a striking result is that the procurement legislation was not found to have reduced the level of corruption ($M=3.26$, $S.D=0.09$). These findings show that the benefit of procurement legislations transcends different categories of stakeholders. According to Van Beurden and Gossling (2008) the concept of procurement legislation was to bring sanity in the public procurement in state and public owned procurement entities where the process was riddled with corruption and mega kickbacks and subsequent loss of billions of shillings. Hence, the findings tend to contradict the views expressed by Van Beurden and Gossling (2008) as far as the level of corruptions is concerned since the vice might not have reduced to the desired level.

4.7 Procurement Legislation and Procurement Performance

A regression model was used to identify important variables influencing the dependent variable. The regression analysis is used to investigate the impact of procurement legislation on procurement on the procurement performance in the organization. The procurement legislation is measured in the context of the effect that it has in the management of tender process, current challenges facing procurement process in the organization and its effect on the customer satisfaction. From their overall means of each factor, As Gill and Beger (2012) noted, when using multiple regression analysis, there is a possibility of endogeneity occurring whereby when certain variables are omitted, it leads to measurement errors. To minimize endogeneity issues, the most important variables that impact on procurement performance (tendering process, existing procurement challenges in the organization) were used.

Table 4. 8: Procurement Legislation and Procurement performance

The table explains the relationship between procurement legislation and procurement performance.

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics		
	B	Std. Error	Beta			Tolerance	VIF	
1	(Constant)	14.332	6.878		0.740	0.350		
	X ₁	5.652	3.435	0.094	0.816	0.393	0.922	1.309
	X ₂	-2.413	5.324	-0.100	-0.998	0.331	0.904	1.031
	X ₃	1.726	2.469	0.009	0.086	0.912	0.873	1.421

a. Dependent Variable: PF

From the above table, the established multiple linear regression equation becomes:

$$PF = 14.332 + 5.652X_1 - 2.413X_2 + 1.726X_3$$

The coefficient of intercept C has a value (14.332) and is significant. The coefficient of the tender process is high and also significant and this means that a unit improvement in the tendering process as a result of legislation will increase the procurement performance by 5.652 at $\alpha = 5\%$. With the exclusion of the challenges that the organization faces as far as procurement is concerned, all the other independent variables have a positive coefficients.

Table 4.9: Model Summary for performance with Control Variables

It shows the model summary of the multiple linear regressions

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.718 ^a	.516	.518	114.29514	1.390
a. Predictors: (Constant), X ₁ , X ₂ , X ₃ ,					
b. PF					

Source: Research Data, researcher's computation

The value of R^2 is 0.516, revealing 51.6% variability in procurement performance as a result of the procurement legislation. The value of adjusted $R^2 = 0.518$ means that 51.8% of the changes in Y is explained by the independent variables. This adjusted measure provides a revised estimate, i.e. 51.8 per cent of the procurement performance is due to the fitted model. Therefore R^2 in the model is at 51.6% which can be considered to moderate fit to the model

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a summary of the key findings of the study as well as the conclusions, limitations of the study and recommendations for further research.

5.2 Summary of the Findings

The research objective was to establish the role of procurement legislation on procurement performance at Kenya National Highways Authority. The results showed that there has been a marked increase in activities in the organization as a result of introducing the procurement legislations and this is evidenced by increased number of orders applied to the organization and processed. The ability of the procurement laws to reduce political interference in the tendering process as well as increased level of confidentiality in the tendering process was found to have improved. The ability of the laws to reduce the level of conflict of interest arising among the staff in the tendering process was also registered due to the requirement of the PPDA to encourage the segregation of duties among employees of procurement department; maintaining all documentation relating to the tendering process and maintaining continuous improvement with suppliers.

On the challenges that the organisation face as far as the procurement process in the organisations is concerned, the findings were moderate in the sense that there was limited success in the legislation to improve the lack of management support and reduced level of

inefficiency of PPOA enforcing on penalties on offenders was also found not to have been enhanced as a result of adoption of the procurement legislation. In general, the ability of the procurement legislations to contain the challenges that face the procurement process in the organization was least affected by the PPDA adoption. This was a worrying situation for the organisation and showed that the major hindrance to effective procurement process was the enforcement of ethical code of conduct by staff and other actors in the supply chain. However, this cannot be blamed entirely on the procurement legislation but on non-compliance to procurement policies and procedures in the organizations.

The level of customer satisfaction after the adoption of the legislation was found to have improved. This was attributed to increased transparency and enhancement of the ethical practices within the organization. The legislation was also found to have enhanced environmental impact assessment of the organization and therefore ensuring that the environment was preserved as the infrastructure was being developed.

5.3 Conclusion

Fair competition is not always ensured due to the high level of discretionary power of procuring entities for the set-up of firms that have been shortlisted. Rules on how to choose successful firms are not precise enough, and therefore, the selection of candidates is a crucial moment particularly prone to various forms of malpractice. This applies also to small purchase amounts as corrupt activities often start at a lower level, building up close relationships with responsible officers and reaching eventually an established position marked by corrupt exchanges. The envisaged level of efficiency for procurement procedures is generally high; however in some cases it can be improved.

Consequently, it is necessary to reform and in some cases amend the government procurement system in order to promote competition and transparency and prevent corruption. Further, the government needs to recognize the need to support government entities in the field of government procurement, to enhance their efficiency. The result findings shows that there remains significant room for improvement, and the administrative review undertaken by the contracting firms and the PPA could be effective and efficient enough to deter illegal applications. Kenya needs to further improve the public procurement sector and further harmonies its national legislation with other regional countries.

5.4 Recommendation of the Study

The research findings highlight the role of the management on the procurement process of an entity. This implies that senior management must consider their internal procurement processes, and their own role in championing efficient procurement in their organizations. The government has a role to play in ensuring successful enforcement of all procurement laws since the problem is not a lack of the laws but the circumventing of the laws by the parties for their own selfish gains.

5.5 Limitation of the Study

This study has several limitations that should be considered in the interpretation and implication of its findings. First, although the indicator of procurement performance was multidimensional, a true effect of public legislation on performance should be assessed by examining multiple measures of performance representing different stakeholders. Non-linear effects were not tested because the data span covered only a single period.

Further, there are several aspects beyond the scope of this research which reveal considerable scope for further research studies. First, it would be interesting to study the country variables more deeply that relate to procurement legislation, and to keep an eye on the evolution of the internationalisation level of legislation. The findings should also be considered in light of a single-industry case sample. It would be useful to analyze organisation from an expanded sample of entities with characteristics other than those investigated in this research. Future studies might also address other moderating variables related to these different performance settings.

5.6 Implication for Further Research

In light of these limitations, future research is recommended to use mixed methods research in order to validate the results of this research, and apply a longitudinal study to better capture the relationships between procurement legislation on procurement performance. Conducting a replication study with random sample selection can enhance the methodological rigor of the study and increase the possibility of having a better and a supported external validity.

Also, another possible source of data could be the customers whose opinions, along with those of executives, can give a better insight of the relationship. Furthermore, taking into consideration certain factors that may have a moderating role in these relationships, such as the country culture, could enrich the research results.

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APPENDICES

Appendix I: Questionnaire

PART A:

I am conducting a survey on Procurement Legislation and Procurement Performance as part of my study program in the University of Nairobi. Your opinion is of great importance to this study and the information you will provide will only be used for academic purposes and will be treated with a high degree of confidentiality.

1. Name of the Organization.....

2. What is your age bracket?

20-29 30-39 40-49 Above 50

3. What is your level of education?

Certificate diploma degree post graduate
Others

4. For how long have you worked for this organization?

Below 5 years between 5 and 10 years between 11 and above

PART B:

In a class of 1-5, indicate the extent of implementation of Procurement Legislation in your organization.

In the questionnaires the number 5 strongly agree, 4 agree number 3 not sure, the number 2 disagree and 1 strongly disagree.

Please only choose (by ticking) only one option that suits you.

a) PROCUREMENT LEGISLATION

No.1	Management of Tender Processes	1	2	3	4	5
i.	Increased number of orders processed					
ii.	Reduced number of complaints raised					
iii.	Increased number of projects completed on time					
iv.	Uniform procurement systems					
v.	Proper utilization of resources					
vi.	Reduced Conflict of interest					
vii.	Improved performance					
viii.	Reduced costs					
ix.	Politics hinders implementation of legislation					
x.	Increased confidentiality					

From 1-5; 1very small extent,2 small extent,3 some extent,4 great extent,5 very great extent.

Please only choose (by ticking) only one option that suits you.

No.2	Challenges facing the implementation of Procurement Legislation	1	2	3	4	5
i.	Lack top management support					
ii.	Political interferences					
iii.	Lack of funds					
iv.	Lack proper planning					
v.	Lack of staff motivation					
vi.	Non responsiveness of bids					
vii.	Inefficiency of PPOA enforcing on penalties on offenders					
viii.	Increased Corruption					
ix.	Conflicts of interests					
x.	Organization's culture and the desire to maintain status quo					

From 1-5; 1strongly disagree, 2disagree, 3 not sure, 4 agree, 5 strongly agree.

Please only choose (by ticking) only one option that suits you.

No.3	Customer Satisfaction	1	2	3	4	5
i.	Increased organizations reputation					
ii.	Continuous improvement in procurement cycle					
iii.	Increased level of transparency					
iv.	Increased customer relationship					
v.	Promoted innovation in public sector					
vi.	Improved transparency					
vii.	Improved quality					
viii.	Promoted ethical standards					
ix.	Increased Corporate Social Responsibility					
x.	Environmental Impact					

b) PROCUREMENT PERFORMANCE.

From 1-5; 1 very small extent, 2 small extent, 3 some extent, 4 great extent, 5 very great extent.

Please only choose (by ticking) only one option that suits you.

NO	PROCUREMENT PERFORMANCE	1	2	3	4	5
1	Improved efficiency					
2	Increased competitiveness					
3	Improved quality of goods					
4	Improved effectiveness					
5	Reduced costs					
6	Improved efficiency					
7	Increased competitiveness					
8	Reduced corruption cases					
9	Reduced conflicts of interests					
10	Promoted innovation in public sector					

Thank you for your time