

**FACTORS INFLUENCING YOUTH ACCESS TO PUBLIC PROCUREMENT  
OPPORTUNITIES IN THE GOVERNMENT MINISTRIES IN KENYA**

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## DECLARATION

This research proposal is my original work and has not been presented for a degree in any other university.

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This research proposal has been submitted for examinations with my approval as the university supervisor.

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## **DEDICATION**

I wish to dedicate this project to my parents especially my late Mother, Gmasnoh Wleh who have taught me the value of education. I also dedicate it to ArcelorMittal-Liberia for providing me the golden opportunity to advance my professional career.

## **ACKNOWLEDGEMENT**

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## ABSTRACT

The study sought to establish the extent of the youth's uptake of government procurement opportunities in government ministries in Kenya; the factors that influence the youth's uptake of government procurement opportunities and the relationship between the factors identified and the youth's uptake of government procurement opportunities. A total of 18 questionnaires were administered and the study managed to obtain 15 completed questionnaires representing 83.33% response rate. The questionnaires contained questions that addressed the objectives of the study. The collected data was edited and cleaned for completeness in preparation for coding. Once coded, the data was entered into the Statistical Package for Social Sciences (SPSS) version 21 for analysis. Descriptive statistics such as mean and standard deviation were used to analyze the data. Factor analysis was used to identify the factors influencing youth access to government procurement opportunities. Regression analysis was used to test the relationship between the factors and uptake of procurement opportunities by the youth. Goodness of fit of the regression model was tested using analysis of variance (ANOVA). On the extent of the youth's uptake of government procurement opportunities in government ministries in Kenya, the study concludes that the youths' uptake of government procurement opportunities in government ministries in Kenya is to a large extent. On the factors that influence the youth's uptake of government procurement opportunities, the study concludes that Access to information, Access to Finance, Legal Framework and Ethics in Procurement are the key underlying factors that influence youth's uptake of government procurement opportunities in government ministries in Kenya. In regard to the relationship between the underlying factors identified and the youth's uptake of government procurement opportunities, the study concludes that there is a strong and positive relationship between the factors identified and the youth's uptake of government procurement opportunities in government ministries in Kenya. The underlying factors account for or explain 81% of the total variance in uptake of procurement opportunities by the youth. This study recommends that the government should continuously train the youths on how to exploit the procurement opportunities set aside for them by the state and that the government should come up with regulations to ensure the youth can access finance, information and fairness. The greatest limitation faced by the researcher was that most of the respondents approached were reluctant in giving some information fearing that the information sought would be used to intimidate them or create a negative image of the ministries they work for. The researcher handled the problem by carrying an introduction letter from the University so as to assure them that the information would be treated with utmost confidentiality and would be used purely for academic purposes. The respondents in the government ministries had busy working schedules which delayed the completion of the data collection process. The researcher handled the limitations by exercising utmost patience and making extra effort in reminding contact people and making constant follow-ups so as to acquire sufficient data about uptake of government procurement opportunities in government ministries. On suggestions for further research, a research into the uptake of government procurement opportunities by the youth in other government institutions should be explored.

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## **ABBREVIATIONS AND ACRONYMS**

<b>AGPO:</b>	Access to Government Procurement Opportunity
<b>GDP:</b>	Gross Domestic Product
<b>GNP:</b>	Gross National Product
<b>ICT:</b>	Information Communication Technology
<b>ITC:</b>	International Trade Centre
<b>MGSCSS:</b>	Ministry of Gender, Sports, Culture, and Social Services
<b>NGO:</b>	Non-Governmental Organizations
<b>PIN:</b>	Personal Identification Number
<b>R. o. K:</b>	Republic of Kenya
<b>SACCO:</b>	Savings and Credit Cooperatives
<b>SME:</b>	Small and Medium Enterprises
<b>VAT:</b>	Value Added Tax
<b>YEDF:</b>	Youth Enterprise Development Fund

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# CHAPTER ONE: INTRODUCTION

## 1.1 Background of the Study

The government of a country is the biggest procurer since most of its expenditure goes to public procurement. According to Aketch (2013) public procurement plays a key role in the generation of country's wealth as it accounts for approximately 16% of most countries' GDPs. According to Callender and Mathews, (2000) estimates of the financial activities of government procurement managers are believed to be in the order of 10% – 30 % of GNP in all countries in the world. For instance in the year 2013/14, the Government of Kenya spent about 70% of the 1.6 trillion shillings budget on procurement of goods and services. Efficiently handling this size of procurement outlays has been a major policy and management concern as well as a challenge for public procurement practitioners because it has always been perceived as an area of waste and corruption due to many reasons for instance greater scrutiny of taxpayers and competing vendors thus need for close monitoring (Nakamura, 2004).

Public procurement is the supply chain system for the acquisition of all necessary goods, works and services by the state and its organs when acting in pursuit of public interest (Bovis, 1998). Public procurement includes; leases, rentals, hire purchase, tenancy, franchise or any other form of contractual acquisition of works, services or supplies. Public Procurement also embraces disposal of unnecessary acquisitions for instance, disposal of public assets which were once acquired and need to be discarded according to their purchase principles (Fisher & Lovell, 2009; Westring, 1985). Public procurement will thus involve procurement by a procuring entity using public funds to acquire a range of items or services commercial projects such as the development

of infrastructure for instance roads, power stations and airports for the interest of the public (Public Procurement Draft, 2009).

According to Nkonge (2013) despite having a clear legal/regulatory framework established in Kenya to knob public procurement, Small and Medium Enterprises are sidelined from participating in public procurement despite their qualifications, sizes and level of production for reasons such as lack of finances, inadequate information. It is the responsibility of all stakeholders to ensure an efficient, effective and transparent public procurement system. These include the suppliers, the procuring entities as well as the funders and beneficiaries of the procurement. The successful implementation of the public procurement will be measured by the extent to which the public can see a significant increase in the quality of service delivery and achieve value for money.

The Youth in Kenya have the potential to accelerate productivity growth when given a chance, but when left idle, they can present a risk to social stability and in the longer term a risk to development of the nation's economy (R.o.K 2013). According to (Gatere, 2014), ensuring that youths are successfully integrated into the economy through public procurement will raise household incomes, reduce poverty, create a circle of investment and growth and thus improve Kenya's competitiveness.

### **1.1.1 Public Procurement**

The procurement process starts from the realization of the need of goods, works or services by user department and it is approved by the head of the department, as way one of acknowledging the requirement (Eyaa & Oluka, 2011). The public procurement process involves three phases: acquisition planning and market research; source selection and contract award; and contract

administration and close out. By carefully structuring the rules that govern each of the three phases, governments seek to achieve various policy objectives. For most procurement systems, those objectives include value for money, integrity, equal treatment and efficiency. These objectives can and should include increased participation by youths and women entrepreneurs in public procurement and in the economy more broadly (International Trade Centre (ITC), 2014). The entire process should adhere to the laid down procurement process, rules and procedures in order to achieve procurement performance in Kenya.

The Public Procurement and Disposal, (Amendment) Bill, 2013 was brought to parliament to amend the Public Procurement and Disposal Act, 2005. Several sections were amended as follows; Amendment of section 3 of Act No. 3 of 2005 was amended by inserting the new meaning of "youth" to mean a person between the ages of eighteen years and thirty-five years and includes a company, association or body of persons, corporate or unincorporated in which all its directors or proprietors are persons who are within the age of 18-35. The principal Act was also amended by inserting a new subsection immediately after subsection (8) which provides that despite subsection (2) or any other provisions of the Act, every procuring entity shall ensure that at least thirty percent of its procurement in every financial year is allocated to the youth (subsection 9). The subsection further states that such conditions as stated in subsection 9 shall not pose any unnecessary impediment to the youth from participating in public procurement.

The Bill also proposes to limit the right of equality and freedom in Section 12 by pointing out that the right of equality and freedom from discrimination under Article 27 of the Constitution shall be limited as specified under this section for three purposes; first, because of the need to facilitate affirmative action to ensure that the youth access employment and have opportunities to participate in economic spheres of life as contemplated by Article 55 of the Constitution and

second, for protection or advancement of the youth in accordance with Article 227 of the Constitution who have previously been disadvantaged by unfair competition and discrimination in the procurement process. The bill also proposed to delegate to the Cabinet Secretary the powers to prescribe the conditions upon which the procurement shall be allocated to the youth so as to safeguard the provision in subsection 9 against abuse provided that such conditions do not in any way pose any unnecessary impediment to youth run enterprises from participating in public procurement.

### **1.1.2 Government Procurement Opportunities**

Access to Government Procurement Opportunity (AGPO) initiative was launched at the KICC on June 29th 2012 by The Public Procurement Directorate under the Ministry of Finance. The initiative's aim is to facilitate the youth, women and persons with disability-owned enterprises to participate in government procurement (R. o. K, 2013) and is spearheaded by the Director of the Public Procurement Directorate C. A. Otunga. The initiative's task at hand is to enable youth, women and people with disability access 30% of Government Tenders. This will only be made possible through the implementation of the Presidential Directive to set aside at least 30% of government procurement opportunities for the youth, women and persons with disabilities enterprises without competition from established firms. The will empower the youth, women and persons with disability-owned enterprises by giving them more opportunities to do business with the Government.

To qualify, the Public Procurement and Disposal (Preference and Reservations) Regulations, 2011, shall apply to procurements by public entities when soliciting tenders from the following target groups: Disadvantaged Groups (Youth, Women, and Persons with Disability), Small

Enterprises, Micro Enterprises, Citizen Contractors, local Contractors and Citizen Contractors in Joint-venture or Sub-contracting arrangements with foreign suppliers.

For an enterprise to benefiting from preference and reservations schemes, the enterprise should be a legal entity that: Is registered with the relevant government body and has at least seventy percent membership of youth, women or persons with disabilities and the leadership shall be one hundred percent youth, women and persons with disability. The required documents of an enterprise include: Identity Card(s)/Passport(s), Business Registration Certificate/ Certificate of Incorporation, PIN/VAT Certificate, Tax Compliance Certificate, Partnership Deed for Partnership Business, Memorandum/Articles of Association and CR12 mandatory for Registered Companies: For Construction Category – Letter/Certificate from the National Construction Authority, Energy Regulatory Commission or any other Authorized Public Technical Body.

### **1.1.3 Youth in Kenya**

Youth refers to a person who has attained the age of eighteen years or more but has not attained the age of thirty-five years and includes a company, association or body of persons, corporate or unincorporated in which all its directors or proprietors are persons who have attained the age of eighteen years and have not attained the age of thirty five years (The Public Procurement and Disposal, Amendment Bill, 2013). About 35% of the population is youths (aged 15-34) and around 61% of the youth live in rural areas (Sivi Njonjo, 2010). According to Omolo (2010), about 40% of youths in Kenya are neither educated nor employed. Unemployment and lack of education not only contributes to material deprivation but also diminishes youth democratic participation thus triggering exclusion (Education Development Center, 2009). This exclusion causes poverty and unemployment which leaves the youths vulnerable to joining criminal gangs.

According to Ministry of Finance Kenya (2012), the Kenyan youth face numerous challenges which include; Limited access to information, unemployment, lack of finance, lack of skills and limited access to affordable credit facilities and exclusion in decision-making processes.

Youth affairs in Kenya are the responsibility of the Youth Division in the Department of Social Services at the Ministry of Gender, Sports, Culture, and Social Services (MGSCSS) which was formed in 2003, by the Department of Social Services in collaboration with a variety of stakeholders. The MGSCSS prepared a national youth policy in 2003 which up to now is yet to be implemented (Ministry of Gender, Sports, Culture, and Social Services, 2003). Policy implementation in youth affairs is a big challenge since it requires effective coordination of different agencies due to its multi-sectoral nature. Other parties that have a major interest in youth development include; the Ministry of Education, the Ministry of Labor and Human Resource Development, the Ministry of Planning and National Development, the Ministry of Health and the Ministry of Transport and Communication. Other Non-state actors, such as non-governmental organizations (NGOs), the private sector, faith-based institutions, and communities also play important roles in youth development.

The Youth Enterprise Development Fund (YEDF) was started in June 2006 by the government as a means of reducing unemployment which is virtually a youth's major problem. The fund was meant to increase youth's participation in economic opportunities thus nation building. The Fund has since partnered with 36 financial intermediaries which include; Micro Finance Institutions, Non-Governmental Organizations (NGOs) and Savings and Credit Cooperatives (SACCO's), through which the youth mostly access funds to start or expand their businesses. The Fund has trained over 200,000 youths in entrepreneurship. The fund has also trained 2,500 youths in 24 constituencies on accessing procurement from the public sector. It has assisted 1,800 to market



their products and services and facilitated over 6,000 youth to obtain employment abroad (YEDF report, 2011). The other progress brought about by the fund include: starting a mandatory pre-financing training programme to enhance sustainability of over 200,000 youth enterprises, (YEDF report 2011). The challenge facing Kenya today is how to ensure that this large section of the society which is dominated by youths is engaged in productive activities that will not only improve their well-being but also contribute to the productivity of this country as a whole. Such improved productivity can be made possible by increasing the youth's access to government procurement opportunities in the government ministries.

#### **1.1.4 Government Ministries in Kenya**

Currently (2015), Kenya has 18 ministries which include; the Ministry of Devolution and Planning; Ministry of Interior and Coordination of National Government. The Ministry's core function is to keep Kenya safe and secure and to coordinate national government functions. This Ministry focuses on two broad areas. First is Interior- which involves functions including internal security covering Police, Immigration, Prisons and Correctional services and second, National Government Coordination- which involves ensuring effective coordination of National Government functions and services at the county and sub-county levels; The ministry of National Treasury.

The Ministry of Defence; The Ministry of Foreign Affairs; The Ministry of Education; The Ministry of Health; The Ministry of Transport and Infrastructure; The Ministry of Information, Communication and Technology; The Ministry of Environment, Water and Natural Resource; The Ministry of Land, Housing and Urban Development; The Ministry of Sports, Culture and the Arts; The Ministry of Labour, Social Security and Services; The Ministry of Energy and

Petroleum; The Ministry of Agriculture, Livestock and Fisheries; The Ministry of Industrialization and Enterprise Development; The Ministry of East Africa Affairs, Commerce, and Tourism; The Ministry of Mining.

## **1.2 Statement of the Problem**

Public procurement accounts for as much as 10–15% of gross domestic product (GDP) in developed countries and over 30% of GDP in developing countries. This translates into trillions of dollars of government spending annually (International Trade Centre (ITC), 2014). According to Transparency international (2013), in Kenya special groups (women, youth and people living with disabilities) constitute of over 85% of the entire population yet they contribute to less than 10% of public procurement involvement thus this hampers economic growth and achievement of vision 2030. Special groups have cited many of their problems to included capacity building, lack of access to credit, inadequate skills, poor information and inhibitive legal regulatory framework (Brinkerhoff, 2004).

Public procurement practitioners have always faced many challenges in many countries both developed and developing. The most common challenge in public procurement in most countries is corruption. According to Schapper and Paul (2006), corruption is disastrous to the sound functioning of any government department because it mostly involve diverting decision-making and the provision of services from those who need them to those, who can afford them. According to Wangai (2014), the bidding process in the Kenyan public procurement is not fair and transparent which poses a great challenge to the youths' ability to participate in public procurement activities. Although the Kenya government has put in place legal frameworks for

competitive and transparent public procurement, Wangai (2014) found out that the implementation of these frameworks has not been done fully.

Studies on the area that have focused their research on the effect of procurement systems in companies include; Kachieng'a and Ogara (2004) found out that procurement and management of health equipment required changes in the approach as it determined the quality of the healthcare services in the hospitals. Achura, Arasa and Ochiri (2005) examined the effectiveness of public procurement audits for constituency development funds in Kenya. However, they did not review the factors that influence youth access to government procurement opportunities on Kenyan government ministries. Ngugi and Mugo (2007) examined the impact of procurement activities on the operation and effectiveness of public sectors in Kenya and concluded that it is essential that procurement activities are performed by qualified staff with high professional and ethical standards. However, they did not examine the factors influencing youth access to government procurement opportunities.

A review by Muraguri (2013) on the implementation of the youth preference and reservations policy in public procurement on state owned enterprises in Nairobi found out that youth preference and reservations policy in public procurement had not been fully implemented. Gatere and Shale (2014) in their study on the challenges affecting the implementation of access to government procurement opportunities for special interest groups in Kenya concluded that the legal framework has a duty to facilitate the implementation of access to government procurement opportunities for Special Interest groups in Kenya.

All the studies reviewed lack conclusive review of the factors influencing youth access to government procurement opportunities in Kenya. Majority of the studies focus on preferential

policies in developed economies. This forms the research gap that this study seeks to fill. Thus, this study sought to answer the following question; what are the factors influencing youth access to government procurement opportunities in the government ministries in Kenya?

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

#### **1.3.1 General Objectives**

To find out the factors influencing youth access to government procurement opportunities in the government ministries in Kenya.

#### **1.3.2 Specific objectives**

- i. To establish the extent of the youth's uptake of government procurement opportunities in government ministries in Kenya
- ii. To determine the factors that influences the youth's uptake of government procurement opportunities in government ministries in Kenya.
- iii. To determine the relationship between the factors identified and the youth's uptake of government procurement opportunities in government ministries in Kenya.

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

The research findings and policy recommendations generated from the study might be of valuable input to the stakeholders and practitioners participating in Government Procurement.

The study will create new knowledge and awareness in the area of procurement management in all industry sectors both in the private and public sectors. The findings will be important to the policy makers as they may be used as a blue print for the improvement of legislation on youth

access to government procurement opportunities in the government ministries. The findings will also be important to the oversight institutions of the government in informing the necessary steps to ensure youth participation in Government procurement.

The findings will also add more on the existing body of knowledge in the subject area. It is hoped that the study will stimulate further research on factors influencing youth access to government procurement opportunities in the government ministries.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter will focus on theories that are relevant to the study and past studies that have been done on factors influencing youth access to government procurement to identifying the literature gaps. The literature review will mainly capture the factors that influence youth access to government procurement opportunities in the government ministries in Kenya. The literature review will also guide the relevance of the study findings.

### **2.2 Public Procurement**

Public procurement is a very important function of the government for several reasons; first, the sheer magnitude of procurement outlays has a great impact on the economy and needs to be efficiently managed. Second, public procurement is an important tool for achieving economic, social and other objectives (Federal Acquisition Institute, 1999; Thai, 2001). Third, public procurement has always been perceived as an area of waste and corruption thus need for close monitoring (Nakamura, 2004). Fourth, as countries move to regional and global economies, public procurement practitioners face a challenge of complying with their government's procurement regulations and social and economic procurement goals without violating regional or international trade agreements (Arrowsmith, 2003).

Public procurement is of importance in facilitating government operations in both developed and developing countries and the potential benefits which may be obtained from the introduction of public procurement have generated a significant amount of debate within published research (Callender and Mathews, (2000); Abadi, (2014). For instance Achura, Arasa and Ochiri (2005)

examined the effectiveness of public procurement audits for constituency development funds in Kenya. Ngugi and Mugo (2007) also analyzed the effect of procurement activities on the operation and effectiveness of public sectors in Kenya. Kachieng'a and Ogara (2004) reviewed the processes of equipment planning, procurement and Management in public hospitals in Kenya and South Africa. Thus there lacks conclusive studies in the area of public procurement for the youths and other special interest groups. This section therefore sets out theories and empirical studies which will be of benefit to the debate.

According to Eyaa and Oluka (2011) the public procurement process starts from the realization of the need of goods and services by user department and it is approved by the head of the department, as way one of acknowledging the requirement. The public procurement process involves three phases: acquisition planning and market research; source selection and contract award; and contract administration and close out. By carefully structuring the rules that govern each of the three phases, governments seek to achieve various policy objectives such as value for money, integrity, equal treatment and efficiency (International Trade Centre, 2014). The entire process should adhere to the laid down procurement process, rules and procedures in order to achieve procurement performance in Kenya.

## **2.3 Theoretical Foundations**

The theories that will be relevant to this study include; the Auction Theory, Public Interest Theory of Regulation and the Agency Theory.

### **2.3.1 The Auction Theory**

According to Auction theory, using competitive tendering when contracting out public services is similar to performing common value auctions with a sealed-bid procedure. The procuring

public authority typically evaluates the competing bids regarding both price and quality once the bidding process has ended. According to Hultkrantz and Nilsson (2001) a pure auction is better than a beauty contest because it offers a more market-oriented, objective and transparent method for awarding tenders. In this theory, firms in the auction process, through offering more and more money, reveals information about their estimation of the value of the goods and services involved. Hultkrantz and Nilsson (2001) further suggest that, even when social concerns are important, an auction is a better alternative since it can also include minimum requirements and can allow both positive bids in attractive regions and negative bids in unattractive regions. Auctions also have some notable risks and potential disadvantages, for instance, in many auctions, as well as competitive tenders, firms have made unrealistically optimistic forecasts about future revenues and costs.

Milgrom and Weber (1982) in their study established that an open English auction, in which the bidders continuously follow the bids of their rivals, may stimulate aggressive bidding but yet decrease the risk of too optimistic bids and the related winner's curse, however, there will be an increased risk of collusion in the open auctions (Robinson 1985). It is also important to note that winner's curse in tenders of public services are also related to the bidders' attitude towards risk, for instance their view of whether the government will be willing to bail them out or renegotiate the contract if they fail.

### **2.3.2 Public Interest Theory of Regulation**

Regulation in public service is aimed at the public interest which is the best possible allocation of scarce resources for individual and collective goods. In developed economies for instance in the west, the allocation of scarce resources is to a significant extent coordinated by the market



mechanism. As demonstrated by Arrow (1985), allocation of resources through the market mechanism means is optimal under certain circumstances; this is because these mechanisms under certain circumstances are frequently not adhered to. In practice, the allocation of resources is not optimal thus a demand for methods for improving the allocation arises (Bator, 1958). Government regulation is one of the methods of achieving efficiency in the allocation of resources (Shubik, 1970; Arrow, 1970). According to public interest theory, government regulation is the instrument for overcoming the disadvantages of imperfect competition, unbalanced market operation and undesirable market results.

In the first place, regulation can improve the allocation by maintaining, facilitating, or imitating market operation. According to Pejovich (1979), the exchange of goods, services and production factors in markets assumes the definition, allocation and assertion of individual property rights and freedom to contract, whose guarantee in any necessary enforcement of contract compliance can be more efficiently organized collectively than individually. The costs of market transactions are also reduced by a large extent by property and contract law.

### **2.3.3 Agency Theory**

Agency theory is a concept that explains the differences in behavior or decisions by noting that two parties often have different interests and goals, independent of their respective goals, may have different attitudes toward risk. “Agency theory is directed at the ubiquitous agency relationship, in which one party (the principal) delegates work to another (the agent), who performs that work.” (Eisenhardt, 1989). In this relationship there are two levels of problems; first is that the goals of the principal and agent are often not the same. Second, there is information asymmetry between the agent and the principal, thus it is difficult for the principal to

check what the agent is doing and which target he is following. According to Laffont and Martimort (2002), common examples of principal agent relationships include; Owner of a company and manager of a company; Investor and portfolio manager; Creditor and debtor; Insurer Company and insured person.

The agency theory can be connected with the problem of public procurement in that the belief that the ex ante information is of the main concern prevails. The agency theory problem in the public procurement will be found in the relationship between the buyer (government agency) and the supplier (private company). The governmental agencies are agents of the government as the government is the principal. The governmental agency should then behave in favor of the government however, as far as the governmental agency has better information, it moreover follows the aim of maximizing its budget.

According to this theory, the governmental agency who wants to buy goods or services doesn't know the exact prices, thus the seller or supplier has information about production costs which the buyer doesn't have. The supplier then may maximize its profit even if it would lead to higher costs for the governmental agency. In this relationship the adverse selection problem can thus occur.

## **2.4 Public Procurement in Kenya**

Public Procurement in Kenya is governed by the Constitution of Kenya, 2010, through provisions that are brought into operation by the statutes and regulations, such as; The Public Procurement and Disposal Act, 2005; Public Procurement and Disposal Regulations 2006; and Public Procurement and Disposal 2011 which protect the interest of the public and maintain the balance of the private sector participation in provision of tenders.

The government of Kenya's initiative to help the youths through the public procurement process has uncovered a range of problems including administrative issues with e-procurement systems, cancelled tenders and exclusive contract conditions. According to The Public Procurement and Disposal, Amendment Bill (2013), a youth refers to a person aged between eighteen and thirty-five years and includes a company, association or body of persons, corporate or unincorporated in which all its directors or proprietors are persons who have attained the age of eighteen years and have not attained the age of thirty five years. According to Ministry of Finance Kenya (2012), the main challenges faced by the Kenyan youth include: limited access to information, unemployment, lack of finance, lack of skills and limited access to affordable credit facilities and exclusion in decision-making processes.

The retired President of Kenya, Mwai Kibaki in one of his speeches issued a directive requiring the government to set aside at least one in every 10 State tenders for the youth and SMEs who control a large share of Kenya's small businesses effectively giving traders access to a critical market (Ng'ang'a, 2011). In 2013 a National Treasury issued circular in pursuant to a presidential directive to all state organs and other public entities to allocate 30% of all government tenders to the youth, women and persons with disabilities. Following this directive, the public procurement and disposals (Preferences and Reservations) Regulations were amended via a legal notice n. 114 of 2013, in line with article 227 of the Constitution of Kenya 2010, which require state organs or any other public entity to be fair in contracting for procurement of public goods and services, (National Treasury circular no. 14/2013).

## **2.5 Factors Affecting Public Procurement**

Public procurement is of importance in facilitating government operations in both developed and developing countries. Public procurement is progressively recognized as an instrument of government policy and a lever for wider economic, social and environmental change (OECD, 2007). A number of factors have influence access to public procurement opportunities by the youth.

All businesses in every country operate within a legal and regulatory framework which stipulates the rules. According to Thai (2001), developing and particularly transitional countries, where legal systems are not comprehensive, government contracts may need detailed provisions. A strong legal/regulatory framework in this case will establish the basis for competitive and transparent public procurement process as compared to a weak national regulatory framework which is often the root of challenges facing most SMEs in public procurement (Puddephatt and March, 2012). Legal/ Regulatory framework should be strong to support growth and development of youth enterprises.

Ethics is discussed as being primarily concerned with issues such as bribes and confidentiality (Kenneth, 1989). According to Kenneth, ethics involves the philosophical study of morality as guide by internal conviction against what is wrong and right. Now that in all government activities, public procurement is most vulnerable to corruption and fraudulent practice, (Economic Recovery Strategy for Wealth and Employment Creation, 2003), It is very important that the public procurement function is discharged with probity, transparency and accountability in a manner that secures best value for public money, (Public Procurement and Disposal Act, 2005).

Access finance is critical for growth and development. In the early stages of development of any business, finances both from internal sources of funding, such as the owner's savings, retained earnings, funding through the sale of assets or external sources such as debt and equity is crucial for growth. Despite all, access to finance remains a key constraint to small enterprises development, especially in emerging economies (Wanjohi, 2012). According to Kathure (2014), Lack of access to long-term credit for small enterprises forces them to rely on high cost short term finance this causes most of them to go under. Thus financial constraint remains a major challenge facing small entities in Kenya (Wanjohi & Mugure, 2008).

Small entities need to have access to adequate information to enhance productivity and to facilitate market access (Matovu & Obura, 2011). Effective utilization of quality business information - has been identified as crucial in attaining long-term and sustainable economic growth for developed and developing countries, (Corps, 2005). According to Strong, Lee and Wang (1997), poor information quality can create chaos in any establishment or business. In most developing countries, information such as market signals on business opportunities, customer trends, methods of organization, latest technology, are not communicated, effectively, to the small businesses (Ladzani, 2001).

Bureaucratic Procurement Processes is another factor that greatly affects youth participation to public procurement opportunities (Nancy, 2014). SMEs perceive public procurement processes as complex, costly and time-consuming (Inter Trade Ireland, 2009). Most SMEs usually lack formality in terms of business licenses, value-added tax (VAT) registration, formal business premises, operating permits and accounting procedures required by the Public Procurement and Disposal Act (2005) as well as the Public Procurement Regulations (2006). Tax avoidance and non-compliance with various business registration formalities could be attributed to their limited

capital base and only rudimentary technical or business skills among their operators (Wasonga, 2008). According to Wangai (2014), most SMEs lack important documents and they end up being eliminated in the very first stages of public contracting. Additionally, there is no clear government policy in operation to guide SME development.

Politics also play a big role in influencing public procurement. Despite the legal and institutional reforms that have occurred in the public procurement sector in Kenya, Public Procurement Law has failed to eradicate political corruption in the sector. Over 80 percent of corrupt practices in Kenya still occur in public procurement (KACC Perception Survey, 2010). According to Njuguna (2012), infamous scams such as the Anglo-Leasing Security Contracts, maize importation, mismanagement of Free Primary Education (FPE) funds, sale of Grand Regency Hotel to Libyan investors, Triton Oil scam and sale of Kenya's Embassy in Japan all relate to corruption and impunity in public procurement.

## **2.6 Empirical Review**

An examination of the impact of procurement activities on the operation and effectiveness of public sectors in Kenya was conducted by Ngugi and Mugo (2007). They adopted a descriptive research design to analyze the purchasing process in the Health-Care industry. The researchers concluded that it is important that procurement activities are performed by qualified staff with high professional and ethical standards using sound procedures anchored in appropriate policies and regulations. Their findings also revealed that accountability, ICT adoption and ethics affected procurement process of health care supplies in the public sector to a great extent. The study thus recommended that adequate controls should be put in place to reduce opportunities for corruption.

In his study on the challenges and opportunities involved in Public procurement and corruption in Bangladesh; Mahmood (2010) found out that although contract awards provide opportunities for procurement in Bangladesh, there are reports of wide-ranging corruption, political control and pressure from trade unions. Thus there is no Public trust in the entire process. Basing on the world banks report, Mahmood stated the problem faced by the implementation of procurement processing Bangladesh has short bidding periods, nondisclosure of selection criteria, one-sided contract and rebidding without adequate grounds, occurrence of corruption involving donor agency are not uncommon at nationally or globally and or other levels. The researcher concluded that since procurement happens to be one of the lucrative areas where corruption is above nature, the quality of public administration must be improved and accountable through good governance.

Challenges experienced in the field of procurement within the South African public sector were reported by Barden (2012). According to the researcher, a supply chain management system was adopted in South Africa in 2003 that would institute procurement best practices. The procurement process was granted constitutional status and has since then been used to address past inequitable policies and practices. The researcher also revealed the challenges restraining effective and efficient implementation of public procurement. The study then recommended for the development of competency through customized training materials and programs in the involvement of stakeholders in the bidding process and the employment of good strategic sourcing practices.

An examination of procurement in domestic and international companies was conducted by Zhang (2012) and he concluded that conducting and managing international procurement is more complex than undertaking domestic procurement. The researcher highlighted that the difference

between international procurement and domestic procurement is that international procurement deals with a wider range of issues including: trade between different nationalities, customer heterogeneity across different markets and use of different currencies, mobility of factors of production, economic policy and political issues, culture, customs and tax systems. These are the factors that make international business more complex.

An analysis of the implementation of the youth preference and reservations policy in public procurement was done by Muraguri (2013). He used a descriptive survey design. Out of the 70 state owned enterprises considered, only 55 enterprises responded. The researcher found out that the youth preference and reservations policy on public procurement had not been fully implemented. The researcher also established that legislations and institutional challenges have a negative impact on the implementation of the youth preference and reservations policy in public procurement. The study recommended that the government should intensify the awareness campaign among the procurement practitioners and budget holders on the reservations policy which calls for institutionalizing monitoring and training in all the enterprises and also including the practitioners in review of the Public Procurement legislation.

Challenges that are faced by Small and Medium Enterprise Suppliers in Thika when bidding for tenders and it seeks to determine why they risk losing tenders were studied by Nkonge (2013). The research employs a descriptive and exploratory research design. The researcher established four findings; first, that there is a clear Legal/Regulatory framework established in the country to knob public procurement, but the guidelines are not open to public scrutiny, Second, the conditions for tendering are not the same for each tenderer. Third, that the SMEs encounter financial challenges which include financial regulations and shortage of own financial resources. Fourth, that information on public procurement and tendering to the SMEs is not adequately



available as most respondents were not aware of its existence. The researcher concluded that the existence of the legal framework makes it difficult for upcoming SMEs to compete with the established players thus discouraging their participation. Ethical aspect hinders the SMEs from participating in tendering due to in-transparency in the process. Financial requirement is a hindrance. Information on public procurement and tendering is not adequately available to the SMEs thus poor access to the little information availed to them.

The constraints (collateral and registration rules) affecting the youth in accessing the procurement market were examined by Abadi (2014). The study argues that under the current bureaucratic structures, it is impossible to implement the promise of allocating 30% of all public tenders to the youth. The research suggests that an investment should be done towards the streamlining of registration and all other statutory requirements in Kenya, to enable the youth become competitive when bidding for tenders.

A study on the uptake of government tenders by youth - owned small and micro enterprises in Nairobi County, Kenya was conducted by Wangai (2014). Her study employed a descriptive research design. The population consisted of 370 youth owned SMEs registered with the national treasury in Nairobi County. Primary data was collected from business owners/managers using a semi-structured questionnaire. The study found that the youth in Nairobi County are participating in government tenders to a moderate extent. Six factors that influence the uptake of government tenders were identified through factor analysis. These include: Legal/Regulatory framework, financial access, framework contracting, ethical issues, complexity of the public procurement process and information access. All these variables were found to have a positive relationship with the youth uptake of government tenders which was also statistically significant at 95% confidence level.

## 2.7 Summary and Research Gap

**Table 2.1: Summary and Research Gap**

Scholar (s)	Focus of the Study	Methodology	Major Finding (s)	Major contribution	Knowledge Gap(s)
Wangai (2014)	Uptake of government tenders by youth - owned small and micro enterprises in Nairobi, Kenya	A study of youth - owned small and micro enterprises in Nairobi, Kenya	Youth in Nairobi County are participating in government tenders to a moderate extent.	The government should ensure full implementation of the legal frameworks established for competitive and transparent public procurement process.	This study did not examine factors that influence youth access to government procurement opportunities in government ministries
Muraguri (2013)	The implementation of the youth preference and reservations policy in public procurement	A descriptive survey of 70 state owned enterprises.	Youth preference and reservations policy on public procurement had not been fully implemented. The legislations and institutional challenges have a negative impact on implementation of the youth preference and reservations policy in public procurement	The government should intensify the awareness campaign among the procurement practitioners	The study did not review youth access to government procurement tender this creates a gap.
Nkonge (2013)	Challenges faced by Small and Medium Enterprise Suppliers in Thika when bidding for tenders	A study of 1500 SME Suppliers in Thika District	There is a clear Legal framework established to knob public procurement, but the guidelines are not open to public scrutiny, conditions for tendering are not same for each tender.	The conditions for tendering should be the same for each tenders in Kenya, the government should make tendering information available	This study did not examine factors that influence youth access to government procurement opportunities.
Barden (2012)	Challenges of procurement in South Africa	An exploration of challenges	Granting procurement process constitutional	The development of competency through customized training materials	The study doesn't examine youth access to government

		experienced in the field of procurement within the South African public sector.	status has helped so much in addressing past inequitable policies and practices.	and programs in the involvement of stakeholders in the bidding process and the employment of good strategic sourcing practices	procurement opportunity
Zhang (2012)	Procurement in domestic and international companies	A case study of domestic Company A and international Company B.	Conducting and managing international procurement is more complex than undertaking domestic procurement.	Established that culture, customs and tax systems, political issues, economic policy are some of the factors that make international business more complex than domestic	The study did not review youth access to government procurement tender
Ngugi and Mugo (2007)	The impact of procurement activities on the operation and effectiveness of public sectors in Kenya	A case study of the Government of Kenya	Procurement activities affect the operations and effectiveness of the public sector positively.	Emphasized that it is essential that procurement activities are performed by qualified staff with high professional and ethical standards.	The study did not examine the factors influencing youth access to government procurement opportunities.
Achura, Arasa and Ochiri (2005)	The effectiveness of public procurement audits for constituency development funds in Kenya.	A survey of constituencies in Kenya.	The effectiveness of public procurement audits will determine the effective use of constituency development funds in Kenya.	Recommended that the government should put in place an effectiveness public procurement audit system to ensure effectiveness use of constituency development funds	Did not review the factors that influence youth access to government procurement opportunities

**Source: Researcher (2015).**

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

This chapter describes the methods and procedures that the researcher used to collect the data required and how the data was analyzed. It discusses research design, study population, sample design, data collection, data analysis and presentation.

### **3.2 Research Design**

The research methodology employed in this study was descriptive research design. Descriptive research design was appropriate because the study seeks to establish the factors influencing youth access to government procurement opportunities in the government ministries in Kenya. This research design has been used successfully by several past studies including Munyoroku (2014) who studied factors influencing Enterprise Resource Planning in the Mobile Communications Sector in Kenya and Mboya (2013) who studied the factors influencing compliance with the public procurement legislation in Kenya.

### **3.3 Population and Sample**

The population of this study consisted of the 18 government ministries in Kenya. This study will be a census since the population is relatively small. The study was targeting head of procurement departments in the government ministries in Kenya.

### **3.4 Data Collection**

The study used primary data gathered through structured questionnaires. The questionnaire comprised of both open-ended and close-ended questions. The close-ended questions captured

the quantitative data while the open-ended questions captured the qualitative data. The questionnaire will be divided into three sections two sections. The first section consisted of demographics designed to determine characteristics of the respondent. The second section was devoted to the identification of the factors influencing access to government procurement opportunities by the youth while the third section focused on the extent to which the youth are accessing the government procurement opportunities. The questionnaires were self-administered using the drop and pick-later approach as this gave respondents enough time to respond to the questions appropriately. The target respondents for this study included heads of procurement department since these are the people in charge of allocating procurement opportunities to tenderers. A total of 18 questionnaires were distributed among the 18 ministries.

### **3.5 Data Analysis**

The collected questionnaires was edited and cleaned for completeness in preparation for coding. Once coded, they were keyed into the Statistical Package for Social Sciences (SPSS version 21) for analysis. Descriptive statistics such as mean, standard deviation, and frequency distribution was used to analyze the data while percentages, graphs, bar charts and frequency tables used for data presentation.

Factor analysis used to identify the underlying factors. This was done using principal component analysis with VARIMAX rotation. Similar analysis technique was used by Kambua (2013) in her study on the implementation of e-procurement practices among private hospitals in Nairobi, Kenya. Awino and Kariuki (2012) also used factor analysis with

VARIMAX rotation in their study entitled “Firm strategy, Business Environment and the Relationship between Firm Level Factors and Performance”.

Using the same data collected, simple linear regression analysis was applied to determine the joint relationships between the factors (identified through factor analysis) and the dependent variable. The regression equation was as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \dots + \beta_n X_n + \alpha$$

Where: Y = Access to Government Procurement Opportunities

X<sub>1</sub> - X<sub>n</sub> : Factors influencing Access to Government Procurement Opportunities

β<sub>0</sub> – Constants of the Model

β<sub>1</sub> – β<sub>n</sub> : Co-efficients of determination

α – Stochastic Error Terms

**Table 3.1: Summary of Research Methodology**

Objective	Data Collection	Data Analysis Technique
To establish the extent of the youth’s uptake of government procurement opportunities in government ministries in Kenya	Section 2 of questionnaire	Descriptive Analysis
To determine the factors that influences the youth’s uptake of government procurement opportunities in government	Section 3 of questionnaire	Factor Analysis

ministries in Kenya		
To determine the relationship between the factors identified and the youth's uptake of government procurement opportunities in government ministries in Kenya.	Derived from Section 2 & 3 of questionnaire	Regression Analysis

**Source: Researcher (2015).**

## **CHAPTER FOUR: DATA ANALYSIS, PRESENTATION AND INTERPRETATION**

### **4.1 Introduction**

This chapter presents the analysis of data collected, interpretation and discussion of findings. The collected questionnaires were sorted and cleaned for completeness and then coded. The coded questionnaires were keyed into the Statistical Package for Social Sciences (SPSS) version 21 for analysis. Descriptive statistics such as mean and standard deviation were used to analyze the data. Factor analysis was used to identify the factors influencing youth access to government procurement opportunities. Regression analysis was used to test the relationship between the factors and uptake of procurement opportunities by the youth. Goodness of fit of the regression model was tested using analysis of variance (ANOVA).

### **4.2 Response Rate**

The researcher administered a total of 18 questionnaires to Kenyan government ministries and managed to obtain 15 completed questionnaires representing 83.33% response rate. The questionnaires contained questions that addressed the objectives of the study. The general objective of the study was to find out the factors influencing youth access to government procurement opportunities in the government ministries in Kenya.

**Table 4.2: Response Rate**

<b>Response rate</b>	<b>Frequency</b>	<b>Percentage</b>
Valid	15	83.33
Invalid	3	16.67
Total	18	100.00

**Source: Researcher Data (2015).**



### 4.3 Data Presentation

#### 4.3.1 Data Validity

The researcher conducted a pilot study by issuing three questionnaires to the Kenyan Government Ministries. The main purpose of the pilot study was to help clarify the wording and grammar of the research questionnaire so as to avoid misinterpretations of questions; to avoid research bias and detect ambiguous questions.. This ensured that the primary data collected was valid.

#### 4.3.2 Data Reliability

Reliability analysis was conducted to test the reliability of the Likert scale used in the research instrument. Cronbach's Alpha was used as the measure of reliability where a co-efficient of  $\alpha \geq 0.7$  was considered adequate.

**Table 4.3.2: Cronbach's Alpha**

<b>Reliability Statistics</b>		
<b>Cronbach's Alpha</b>	<b>Cronbach's Alpha Based on Standardized Items</b>	<b>N of Items</b>
.846	.853	38

**Source: Research Data (2015).**

In this study, a reliability co-efficient of 0.852 was registered indicating a high level of internal consistency for the Likert scale used. This also indicated that the scale was reliable enough to test the extent to which various factors influence youth access to government procurement opportunities.

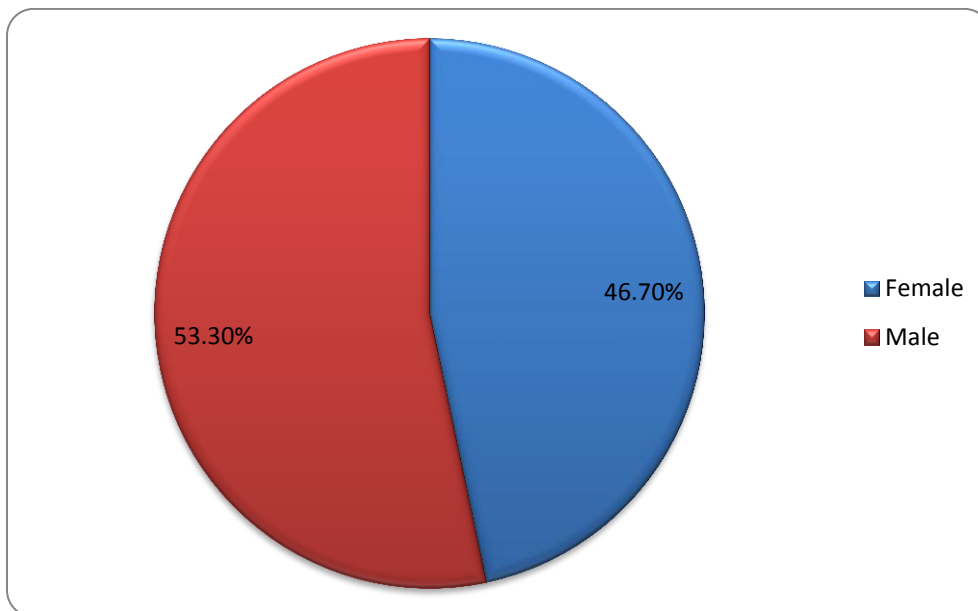
### 4.3 Respondents Demographics

The study sought to know information regarding the respondents. The areas discussed are in relation to the respondents, gender, age bracket, level of education, and work experience.

#### 4.3.1 Gender of Respondents

The study sought and obtained gender details of the respondents. Responses were obtained and analyzed and the results are as shown in Figure 4.3.1.

**Figure 4.3.1: Gender of Respondents**



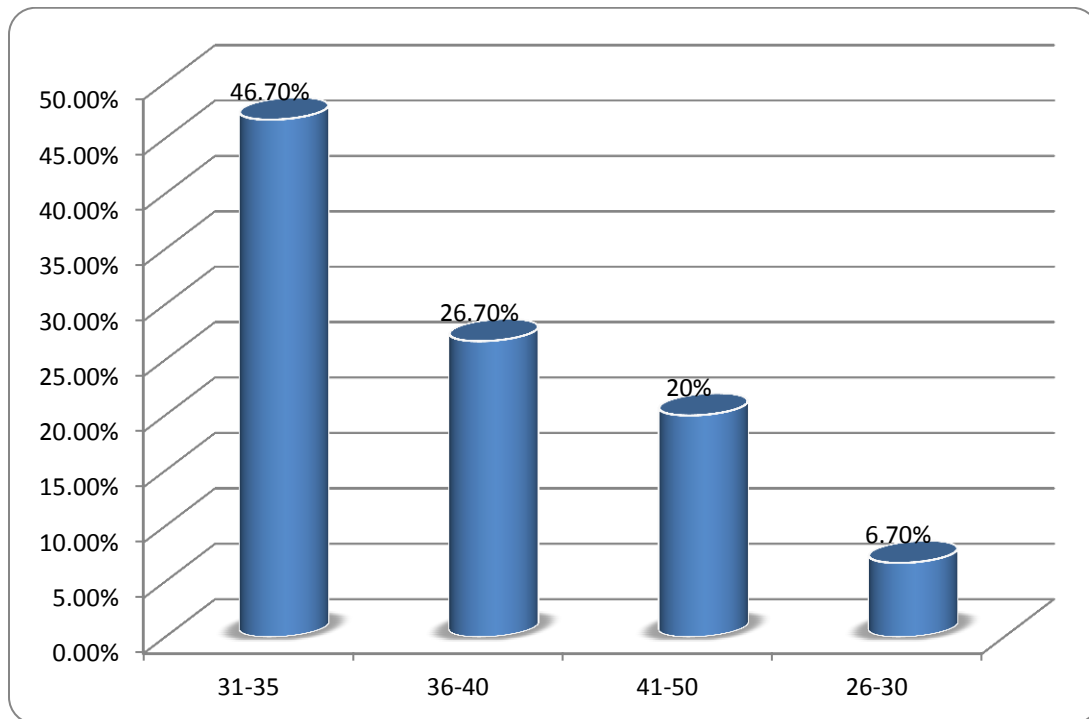
**Source: Research Data (2015).**

The study established that most (53.3%) of the respondents were male while the female were (46.7%). This indicates that the researcher observed gender balance during the administration of questionnaires.

### 4.3.2 Age Bracket of Respondents

The study further sought to know the age bracket of the respondents. The collected data was analyzed and the findings are as shown in Figure 4.3.2.

**Figure 4.3.2: Age Bracket of Respondents**



**Source: Primary Data (2015)**

The study established that 46.7% of the respondents were aged between 31-35 years followed by those aged between 36-40 years at 26.7%. Those in the 26-30 years bracket were the least at 6.7%. This indicates that the researcher sourced his views from diverse age brackets.

### 4.3.3 Level of Education

On the level of education of respondents, data obtained was analyzed and is as shown in Table 4.4.3.

**Table 4.3.3: Level of Education**

<b>Level of Education</b>	<b>Frequency</b>	<b>Percent</b>
Undergraduate degree	9	60.0
Postgraduate degree	6	40.0
Total	15	100.0

**Source: Primary Data (2015)**

The study established that 60% of the respondents were undergraduate degree holders while 40% of them were postgraduate degree holders. None of the respondents had secondary school and college level of education. This implies that the respondents were well educated to understand and respond to the researchers' queries appropriately.

#### **4.3.4 Work Experience**

The study further sought to establish the number of years the respondents had been serving their respective ministries. The obtained data was analyzed as shown in Table 4.3.4.

**Table 4.2.6: Years of Service**

<b>Work Experience</b>	<b>Frequency</b>	<b>Percent</b>
6-10 years	9	60.0
10 years and above	5	33.3
1-5 years	1	6.7
Total	15	100.0

**Source: Primary Data (2015).**

The study established that 60% of the respondents had been working in their respective ministries for 6-10 years followed by those who worked for more than 10 years at 33.3%. Those

with an experience of 1-5 years accounted for 6.7% only. This indicates that the researcher obtained his data from people with varying years of experience.

#### **4.4 Extent of Accessing Procurement Opportunities**

##### **4.4.1 Extent of Youth Access to Procurement Opportunities**

Objective one of the study sought to establish the extent of the youth's uptake of government procurement opportunities in government ministries in Kenya. The collected data was analyzed as shown in Table 4.4.1.

**Table 4.4.1: Extent of Youth Access to Procurement Opportunities**

<b>Extent</b>	<b>Frequency</b>	<b>Percent</b>
Large Extent	8	53.3
Moderate Extent	6	40.0
Small Extent	1	6.7
Total	15	100.0

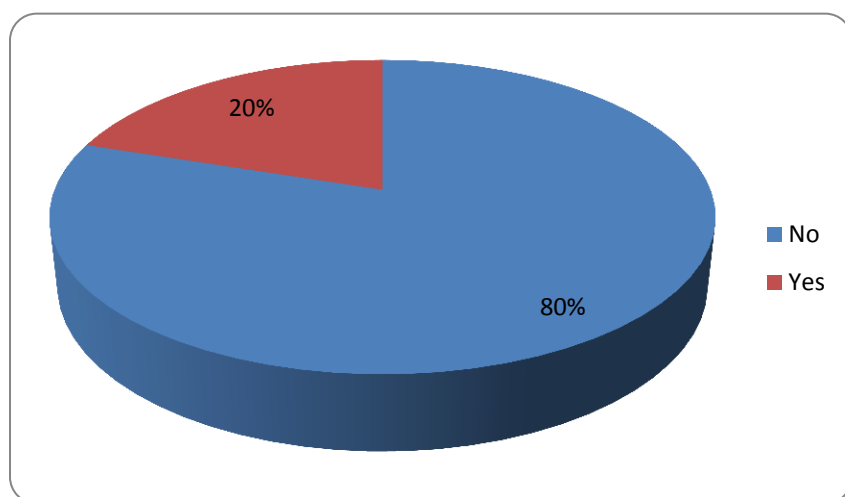
**Source: Primary Data (2015).**

According to 53.3% of the respondents, the youth access to procurement opportunities to a large extent while 40% reported the uptake is to a moderate extent. According to 6.7% of the respondents, the uptake is to a small extent. This indicates that there is a moderately high uptake of procurement opportunities by the youth. These findings corroborates the findings of Wangai (2014) who conducted a study on the uptake of government tenders by youth-owned small and micro enterprises in Nairobi County and found out that the youth in Nairobi County are participating in government tenders to a moderate extent.

#### 4.4.2 Setting Aside and Uptake of 30% of Procurement Opportunities

The study sought to know whether the government ministries set aside the statutory 30% of procurement opportunities for the youth and whether the youth uptake all the opportunities. The results of the study are as shown in Figure 4.4.2.

**Figure 4.4.2: Uptake of Procurement Opportunities**



**Source: Primary Data (2015).**

The study established that all the government ministries set aside 30% of procurement opportunities for youth. On whether the youth access all the procurement opportunities set aside by the government ministries, the study established that 80% the respondents said no while 20% said yes. The study established that the key challenges hindering uptake of the procurement opportunities are: bureaucracy, lack of finances, lack of information, lack of portfolio value and complexities of tenders. These findings contradict the findings of Abadi (2014) in his research on the constraints (collateral and registration rules) affecting the youth in accessing the procurement market were examined by. The study argued that under the current bureaucratic structures, it is impossible to implement the promise of allocating 30% of all public tenders to the youth.

#### 4.5 Factors Influencing Youth Access to Procurement Opportunities

The second objective of the study sought to find out the factors that influence youth access to government procurement opportunities. The respondents were asked to rate 31 items which were indicators of the factors influencing youth access to government procurement opportunities on a Likert scale of 1 – 5 where 1 was No extent at all and 5 was Very large extent. The 31 items were subjected to factor analysis using principal component analysis with VARIMAX rotation. The results obtained of the study are as shown in Table 4.5.

**Table 4.5: Total Variance Explained**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.927	35.118	35.118	5.927	35.118	35.118
2	4.648	19.993	55.111	4.648	19.993	55.111
3	3.985	13.854	68.965	3.985	13.854	68.965
4	3.538	10.117	79.082	3.538	10.117	79.082
6	.818	8.156	87.641			
7	.709	7.578	95.219			
8	.688	4.781	100.000			

Extraction Method: Principal Component Analysis.

**Source: Research Data (2015).**

Factor analysis conducted on 31 statements measuring the influence on youth access to government procurement opportunities indicated that only four factors could be extracted. The extracted factors accounts for 79.082% of the total variance. The extracted factors used the basis of Kaiser-Meyer-Olkin (KMO) maximum criteria which indicates that an Eigen value of more than one constitutes a factor. The results of the study are as shown in Table 4.5.1.

**Table 4.5.1: Factor loadings and Univariate Descriptives of Identified Factors**

<b>Legal/Regulatory Framework</b>	<b>(Component) Factor Loading</b>	<b>Underlying Factor</b>	<b>Mean</b>	<b>STDEV</b>
The ministry adheres to the legal requirement of setting aside 30% of government procurement opportunities to the youth	0.991	Legal/Regulatory Framework	2.133	0.640
The constitution of Kenya makes it favorable for the youth to be empowered	0.981		4.933	0.258
The regulation on communication of awards for special groups such as the youth is inadequate	0.981		3.200	0.561
Our department has complied with the requirement for reporting contract awards from the special group to the PPOA	0.977		3.933	0.458
The regulations on advertising / communication of opportunities for special groups such as the youth is inadequate	0.971		2.133	0.516
The Public Procurement and Disposal Amendment Bill of 2013 has created an opportunity for the youth to access government procurement opportunities	0.97		4.600	0.507
The regulations on 'preference and reservations' to special groups such as the youth are not clear on how the allocation should be done in the budget and procurement plans	0.97		1.733	0.458
The regulation concerning the complaints system structure for special groups such as the youth is inadequate	0.969		2.133	0.516
The companies used by the youth trying to access procurement opportunities are approved by the relevant regulatory bodies	0.961		2.467	0.640
The regulations on tender award criteria for special groups such as the youth is inadequate	0.932		1.533	0.516
The youth adhere to the law when accessing government procurement opportunities	0.922		3.600	0.910
The regulation on submission, receipt and opening of tenders for special groups such as the youth is inadequate	0.907		1.867	0.352
The regulations concerning tendering process for special groups such as the youth is inadequate	0.882		1.867	0.516
The regulation on monitoring and evaluation for special groups such as the youth is inadequate	0.872		2.200	0.414
The regulations on tender evaluation criteria for special groups such as the youth is inadequate	0.863		1.933	0.458
The award of government procurement tender is done in an open and fair process	0.974	Ethics in Public Procurement	4.067	0.594
Government procurement opportunities are vulnerable to corruption	0.965		4.200	0.561
Existence of political interference in our organization is an impediment to transparent public procurement.	0.964		4.067	0.458



The state officers and the youths caught engaging in procurement malpractices are prosecuted according to the law	0.963		4.000	0.535
There is transparency in the award of government procurement opportunities to the youth	0.941		4.267	0.458
There is competitiveness in the award of government procurement opportunities to the youth	0.918		4.133	0.516
Government procurement opportunities are vulnerable to fraudulent practice	0.871		4.267	0.594

		<b>Access to Finance</b>		
The youths trying to access government procurement opportunities are limited by their financial capabilities	0.982		4.000	0.535
Financial institutions are always willing to finance the youths who have won government procurement opportunities.	0.958		3.267	0.458
The youth find it very difficult to access the finance needed to access government procurement opportunities	0.953		3.800	0.561
The portfolio value of the youth companies trying to access government procurement opportunities is inadequate.	0.951		2.933	0.884
The youths are trained on how to access financing for their supplies companies	0.888		1.933	0.704

		<b>Access to information</b>		
Information about the award of government procurement tenders is accessible by all interested parties	0.960		3.200	0.676
The youths are well sensitized on the availability of government procurement opportunities	0.917		3.867	0.352
Information about the requirements needed for the award of government procurement tenders is accessible	0.906		3.333	0.488
Information about the availability of government procurement opportunities is readily accessible	0.886		2.933	0.799

**Extraction Method: Principal Component Analysis**

### Source: Research Data (2015)

From the table 4.5.1, factor analysis identified 4 (four) underlying variables. The variables identified were: Legal/Regulatory Framework, Ethics in Public Procurement, Access to Finance and Access to Information. Overall, all statements loaded heavily (loadings were above 0.5).

The Legal/Regulatory Framework factor loadings from the component matrix indicated that the statement “The ministry adheres to the legal requirement of setting aside 30% of government procurement opportunities to the youth” recorded the highest factor loading of 0.991 followed by the statement “The constitution of Kenya makes it favorable for the youth to be empowered” which registered a factor loading of 0.981. The statement “The regulations on tender evaluation criteria for special groups such as the youth is inadequate” attracted the lowest factor loading of 0.863. Overall, all statements loaded heavily (loadings were above 0.5) on the factor Legal/Regulatory Framework.

The Ethics in Public Procurement factor loadings indicated that the statement “The award of government procurement tender is done in an open and fair process” attracted a factor loading of 0.974. The second statement “Government procurement opportunities are vulnerable to corruption” attracted a factor loading of 0.965. The statement “Existence of political interference in our organization is an impediment to transparent public procurement.” attracted a factor loading of 0.964 while the statement “The state officers and the youths caught engaging in procurement malpractices are prosecuted according to the law” had a factor loading of 0.963. Overall, all statements loaded heavily (loadings were above 0.5) on the factor Ethics in Public Procurement.

The Access to Finance factor loadings indicated that the statement “The youths trying to access government procurement opportunities are limited by their financial capabilities” attracted the highest factor loading of 0.982. The statement “Financial institutions are always willing to finance the youths who have won government procurement opportunities.” attracted the second highest factor loading of 0.958. The statement “The youths are trained on how to access

financing for their supplies companies” had the lowest factor loading of 0.888. Overall, all statements loaded heavily (loadings were above 0.5) on the factor Access to Finance.

The Access to information factor loadings from the component matrix indicated that the statement “Information about the award of government procurement tenders is accessible by all interested parties” registered the highest factor loading of 0.960 followed by the statement “The youths are well sensitized on the availability of government procurement opportunities” with a factor loading of 0.917. The statement “Information about the availability of government procurement opportunities is readily accessible” attracted the lowest factor loading of 0.886. Overall, all statements loaded heavily (loadings were above 0.5) on the factor.

#### **4.6 Regression Analysis**

The study sought to determine the relationship between the factors identified and the youth’s uptake of government procurement opportunities in government ministries in Kenya. The scores to be regressed were computed through data reduction (factor analysis) and then saved as dummy variables. The researcher then conducted a regression analysis to explain this relationship using Statistical Package for Social Sciences (SPSS) version 21. Regression analysis was conducted. The results obtained are presented and discussed below.

##### **4.6.1 Regression Coefficients**

At 95% confidence level, it is evident that the underlying factors have a combined positive effect on the Uptake of Procurement Opportunities by the youth. Positive effect was reported for all the independent variables (Access to information, Access to Finance, Legal Framework, and Ethics in Procurement). Access to information ( $t= 3.112$ ,  $p= 0.005$ ), Access to Finance ( $t= 2.756$ ,  $p= 0.011$ ), Legal Framework ( $t= 3.865$ ,  $p = 0.001$ ), and Ethics in Procurement ( $t= 5.658$ ,  $p=0.000$ )

produced statistically significant values for this study with (t-values > t-critical value (1.812),  $p \leq 0.05$ ).

**Table 4.6.1 Regression Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients		(p-value)
	B	Std. Error	Beta	t	Sig.
1 (Constant)	0.123	0.24348		10.164	0.000
Access to information	0.612	0.32633	0.510	3.112	0.005
Access to Finance	0.548	0.20661	0.499	2.756	0.011
Legal Framework	0.563	0.26065	0.328	3.865	0.001
Ethics in Procurement	0.544	0.13687	0.425	5.658	0.000

a. Dependent Variable: Uptake of Procurement Opportunities

T-critical value: 1.812

**Source: Research Data (2015).**

The constant value (0.123) shows that if Access to information, Access to Finance, Legal Framework and Ethics in Procurement were all rated zero, Uptake of Procurement Opportunities by the youth would be 0.123 which is so dismal. In this study, stochastic error term was assumed to be zero. The equation for the regression is expressed as:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

$$Y = 0.123 + 0.612X_1 + 0.548X_2 + 0.563X_3 + 0.544X_4$$

Y= Uptake of Procurement Opportunities (Dependent variable)

$\beta_0$ = Constant of the Model

$\beta_1 - \beta_4$ = Factors Coefficients

$X_1$ = Access to information

$X_2$ = Access to Finance

$X_3$ = Legal Framework

$X_4$ = Ethics in Procurement

$\epsilon$ = Stochastic Error Estimate

#### 4.6.2 Model Summary

**Table 4.6.2: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.911 <sup>a</sup>	0.830	0.810	0.77261389

a. Predictors: (Constant), Access to information, Access to Finance, Legal Framework, Ethics in Procurement

b. Dependent Variable: Uptake of Procurement Opportunities

**Source: Research Data (2015).**

The study sought to determine the relationship between the factors identified and the youth's uptake of government procurement opportunities in government ministries in Kenya. The key underlying factors were: Access to information, Access to Finance, Legal Framework, and Ethics in Procurement. The research findings indicated that there was a strong relationship ( $R= 0.911$ ) between underlying factors and Uptake of Procurement Opportunities. The result of the study also indicated that the value of adjusted R-squared is 0.810. This means that the underlying factors accounts for or explains 81% of the total variance in uptake of procurement opportunities by the youth. The remaining 19% are explained by other variables which were not considered in this study.

#### 4.6.3 Analysis of Variance

The study further sought to verify the goodness of fit of the regression model through ANOVA statistics. From the ANOVA statistics, the study established that the regression model had a

significance level of 3.1% which is an indication that the model is ideal for making future predictions since the value of significance (p-value) is less than 5%. The model derived is therefore fit for the data collected.

**Table 4.6.3 Analysis of Variance (ANOVA)**

ANOVA <sup>b</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.257	4	.0643	4.145	.031 <sup>a</sup>
	Residual	.155	10	.0155		
	Total	.412	14			

a. Predictors: (Constant), Age of company, Gender of the board members , Board independence , Age of the board members

b. Dependent Variable: Financial performance (ROA)

**Source: Research Data (2015).**

## **CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS**

### **5.1 Introduction**

This chapter discusses the summary of findings, the conclusions drawn by the study, recommendations for policy change and suggestions for future research. The study then presents the major limitations of the study.

### **5.2 Summary of Findings**

The study sought to establish the extent of the youth's uptake of government procurement opportunities in government ministries in Kenya; the factors that influences the youth's uptake of government procurement opportunities and the relationship between the factors identified and the youth's uptake of government procurement opportunities. The study established that the youths uptake government procurement opportunities in government ministries in Kenya to a large extent. The study revealed that Access to information, Access to Finance, Legal Framework and Ethics in Procurement are the key underlying factors that influence youths uptake government procurement opportunities in government ministries in Kenya.

The research findings further indicated that there is a strong and positive relationship ( $R= 0.911$ ) between the factors identified and the youth's uptake of government procurement opportunities in government ministries in Kenya. The result of the study also indicated that the value of adjusted R-squared is 0.810. This means that the underlying factors accounts for or explains 81% of the total variance in uptake of procurement opportunities by the youth.

### **5.3 Conclusion**

On the extent of the youth's uptake of government procurement opportunities in government ministries in Kenya, the study concludes that the youths' uptake government procurement opportunities in government ministries in Kenya are to a large extent.

On the factors that influence the youth's uptake of government procurement opportunities, the study concludes that Access to information, Access to Finance, Legal Framework and Ethics in Procurement are the key underlying factors that influence youth's uptake government procurement opportunities in government ministries in Kenya.

In regard to the relationship between the underlying factors identified and the youth's uptake of government procurement opportunities, the study concludes that there is a strong and positive relationship between the factors identified and the youth's uptake of government procurement opportunities in government ministries in Kenya. The underlying factors accounts for or explains 81% of the total variance in uptake of procurement opportunities by the youth

### **5.4 Recommendations for Policy Change**

This study recommends the following measures to ensure continued improvement in the youth's uptake of government procurement opportunities in government ministries in Kenya: The government should continuously train the youths on how to exploit the procurement opportunities set aside for them by the state.

The study concluded that access to information, access to finance, legal framework and ethics in procurement are the key underlying factors that influence positively youth's uptake government procurement opportunities in government ministries in Kenya. The government should come up with regulations to ensure the youth can access finance, information and fairness.



## **5.5 Limitations of the Study**

Most of the respondents approached were reluctant in giving some information fearing that the information sought would be used to intimidate them or create a negative image of the ministries they work for. The researcher handled the problem carrying an introduction letter from the University so as to assure them that the information would be treated with utmost confidentiality and would be used purely for academic purposes.

Further, the study was mainly dependent on the data provided by the respondents. This means that the accuracy of the data about the uptake of government procurement opportunities in government ministries in Kenya was dependent on the information provided. The researcher handled the challenge by making calls for clarifications.

The respondents in the government ministries had busy working schedules which delayed the completion of the data collection process. The researcher handled the limitations by exercising utmost patience and makes extra effort in reminding contact people and making constant follow-ups so as to acquire sufficient data about uptake of government procurement opportunities in government ministries.

## **5.6 Areas for Further Research**

The following directions for future research should be adopted in relation to uptake of government procurement opportunities by the youth. A research into the uptake of government procurement opportunities by the youth in other government institutions should be explored.

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## APPENDIX I: RESEARCH QUESTIONNAIRE

This questionnaire is meant to collect information on the factors influencing youth access to government procurement opportunities in the government ministries in Kenya. The information is given will be treated with outmost confidentiality and will be used for academic purposes only. Kindly answer the questions as instructed in various sections.

### Section 1: Background Information

1. Name of the ministry .....

2. What is your gender?

Male [ ] Female [ ]

3. Age Bracket in years

20-25..... [ ] 26-30..... [ ]

31-35..... [ ] 36-40..... [ ]

41 -50 .....[ ] 51 and Above ..... [ ]

4. What is your highest level of education?

a. Secondary [ ]

b. College Diploma [ ]

c. Undergraduate degree [ ]

d. Postgraduate degree [ ]

e. Others (Specify).....

5. For how long have you been working in this ministry?

1-5 years ..... [ ]

6-10 years..... [ ]

10 years and above..... [ ]

**Section 2: Extent of Accessing Procurement Opportunities**

6. To the extent does the youth access procurement opportunities in your ministry?  
 No Extent at all [ ] Small Extent [ ] Moderate Extent [ ]  
 Large Extent [ ] Very Large Extent [ ]
7. Does your ministry set aside the statutory 30% of procurement opportunities to the youth?  
 Yes [ ] No [ ]
8. Does the youth uptake all the 30% tenders set aside for them?  
 Yes [ ] No [ ]

If No, what hinders them from doing so?

.....  
 .....

**Section 3: Factors Influencing Youth Access to Procurement Opportunities**

9. To what extent do you agree with the following statements regarding youth access to procurement opportunities in your ministry? Use a Likert Scale of 1-5 where: 1= No Extent at all 2= Small Extent 3= Moderate Extent 4= Large Extent and 5= Very Large Extent.

Factors	Respondent Rating				
	1	2	3	4	5
The constitution of Kenya makes it favourable for the youth to be empowered					
The regulations on tender evaluation criteria for special groups such as the youth is inadequate					
The Public Procurement and Disposal Amendment Bill of 2013 has created an opportunity for the youth to access government procurement opportunities					



The regulations on tender award criteria for special groups such as the youth is inadequate					
The regulation on submission, receipt and opening of tenders for special groups such as the youth is inadequate					
The regulations concerning tendering process for special groups such as the youth is inadequate					
The ministry adheres to the legal requirement of setting aside 30% of government procurement opportunities to the youth					
The regulation concerning the complaints system structure for special groups such as the youth is inadequate					
The companies used by the youth trying to access procurement opportunities are approved by the relevant regulatory bodies					
The youth adhere to the law when accessing government procurement opportunities					
The regulations on 'preference and reservations' to special groups such as the youth are not clear on how the allocation should be done in the budget and procurement plans					
The regulations on advertising / communication of opportunities for special groups such as the youth is inadequate					
The regulation on monitoring and evaluation for special groups such as the youth is inadequate					
The regulation on communication of awards for special groups such as the youth is inadequate					
Our department has complied with the requirement for reporting contract awards from the special group to the PPOA					
There is competitiveness in the award of government procurement opportunities to the youth					
There is transparency in the award of government procurement opportunities to the youth					
Government procurement opportunities are vulnerable to corruption					

Government procurement opportunities are vulnerable to fraudulent practice					
The award of government procurement tender is done in an open and fair process					
The state officers and the youths caught engaging in procurement malpractices are prosecuted according to the law					
Existence of political interference in our organization is an impediment to transparent public procurement.					
The youths trying to access government procurement opportunities are limited by their financial capabilities					
Financial institutions are always willing to finance the youths who have won government procurement opportunities.					
The youth find it very difficult to access the finance needed to access government procurement opportunities					
The portfolio value of the youth companies trying to access government procurement opportunities is inadequate.					
The youths are trained on how to access financing for their supplies companies					
Information about the availability of government procurement opportunities is readily accessible					
Information about the award of government procurement tenders is accessible by all interested parties					
Information about the requirements needed for the award of government procurement tenders is accessible					
The youths are well sensitized on the availability of government procurement opportunities					
Our department has complied with the requirement to advertise the procurement opportunities available for special groups such as the youth					

Thank you for your participation.

## **APPENDIX II: LIST OF GOVERNMENT MINISTRIES IN KENYA**

1. The Ministry of Devolution and Planning
2. Ministry of Interior and Coordination of National Government
3. The ministry of National Treasury
4. The Ministry of Defence
5. The Ministry of Foreign Affairs
6. The Ministry of Education
7. The Ministry of Health
8. The Ministry of Transport and Infrastructure
9. The Ministry of Information, Communication and Technology
10. The Ministry of Environment, Water and Natural Resource
11. The Ministry of Land, Housing and Urban Development
12. The Ministry of Sports, Culture and the Arts
13. The Ministry of Labour, Social Security and Services
14. The Ministry of Energy and Petroleum
15. The Ministry of Agriculture, Livestock and Fisheries
16. The Ministry of Industrialization and Enterprise Development
17. The Ministry of East Africa Affairs, Commerce, and Tourism
18. The Ministry of Mining

Source: Ministry of Information, Communication and Technology (2015)