

**PROCUREMENT PLANNING PRACTICES AND SERVICE
DELIVERY OF STATE CORPORATIONS IN KENYA**

BY

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DECLARATION

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

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

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DEDICATION

I dedicate this research project to my husband and children who have been very understanding, supportive and walked with me through the whole period of study. I also dedicate the research project to my late father, mother, brother and sisters who encouraged me and without whose support I would have not successfully completed the project.

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ABSTRACT

The study sought to examine the relationship between procurement planning practices and institutional service delivery in state corporations. It was guided by four objectives: to determine the effect of Proper Need Assessment on institution's service delivery; to determine the effect of Procurement Cost Estimation on institution's service delivery; to determine the effect of Quality Specification of goods on institution's service delivery and; to determine the effect of risk management in procurement planning on service delivery. This study adopted a descriptive survey research design. A survey design seeks to obtain information that describes existing phenomena by asking individuals about their perception, attitude and values and describe things as they exist (Mugenda & Mugenda, 1999). The study involved 100 respondents with 94 questionnaires duly completed. The findings of the study reveal that procurement planning practices affect service delivery in state corporations. The study recommends that Kenya needs to expand procurement planning and service delivery for State Corporations in Kenya, integrating the bulk of the country's population into profitable supply chains. There is need to address the procurement planning and service delivery critical constraints that require the government to adopt an overarching vision of partnering with private sector and donors to expand demand and value added within the state corporations and facilitate greater public participation in this growth. Government must see its role as a facilitator and not a controller of economic activity. The government needs to develop effective service delivery systems in the state corporations by providing political and social economic changes in the efforts to give priority to the public for the sector to be effective. There is need for initiatives to be taken for us to create a sustained and stable working and living environment for the public to be able to adjust to foreign technologies needed in the provision of service delivery.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

In recent years, emerging economies have realized the significance of sound supervision of the public procurement procedure at all the level of government both central and local and also its enhancement in the better governance of the public sector. Procurement is usually considered an administrative and reactive task but has since become one of the significant managerial capacities, and its functioning is growing progressively more essential for the efficient operation of any institute. Procurement is turning out to be relevant at the domestic level, in corresponding with devolution and the growing arrays of duties carried out by regional authorities in many states (Schiavo-Campo & Sundaram, 2010).

1.1.1 Procurement Planning

One of the main factors limiting Africa's economic development is poor procurement planning, it's been clear that many African countries have already given insufficient concentration to the appropriate administration of resources (Basheka, 2004). A competent government procurement structure is fundamental to the development of African economies and is a true reflection of their will to utilize public funds (Kabaj, 2003). The adoption of a new procurement structure will enhance precision and responsibility in measuring and lastly it boost s public trust in their procurement service.

Many African nations have adopted procedures over the years to collectively decentralize government functions in progress development and management, and this

approach in 1980s was accepted (Livingstone & Charlton, 2001). In the 1990s, public procurement systems, had become conventional with public procurement standards and profitability, and were the norm among governments and benefactor shareholders (Agaba & Shipman, 2007).

In Kenya today, Procurement planning interest is growing among researchers, academics and policy makers (Kakwezi & Nyeko, 2008). Currently, planning and management are the only law regulating procurements control in the public segment. It triumphs over all government procurement policies and procedure at all stages. It established an innovative procurement framework for the provision of achieving different goals and encourages prudence and competence in the supply and clearance in the public sector. It is also a guarantor that procurement conducts are fair, transparent and non-discriminatory and promotes fair and equal procedures. Finally, enhancing accuracy and responsibility in concerned measures and, in conclusion, to raise public trust in procurement methods (PPOA, 200

The General Procurement and Disposal Manual subsection 26 (3) of the Act and Regulations 20 and 21 create procurement planning mandatory. A plan must be integrated into the annual expenditure programs of the financial predictability improvement sector (PPOA, 2009). Procurement procedures are organized as elements of the yearly financial grounding procedures, as they are essential to notify the preparation of cash flows. The yearly procurement plan is a fundamental element of the financial plan process. It is therefore very useful to properly prepare multi-annual purchases and incorporate them into the medium-term fiscal frameworks.

1.1.2 Service Delivery

Helmsing (2015) describe the service delivery as the provision of services as a prudent and mandatory arrangement of nominated representatives to distribute produce and services to beneficiaries. Heskett (2009) delineate service delivery as a sense of attitude or disposition, relating to the internationalization of uniform values and service standards. Customer care service involves setting up systems in place to improve clients' satisfaction with your business. Every business should consider customer service as a critical aspect. It is very vital in some roles than in others. For employees in the customer-facing roles, customer service should be an essential element of work classification and training, and a major guideline in the recruitment process (Athanasopoulos, 2010).

State procurement in government corporations is considered one of the key areas where embezzlement of public funds in Kenya occurs (National Public Procurement Integrity Baseline Survey, 2009). Corruption is very detrimental to the efficient delivery of any government department. Corruption has been an endless failure in many less developed nations, particularly when it is organized into a national level. It affects decision-making and diverts the services of the needy from society to those who can already afford it (Langseth, Kato, Kisubi & Pope, 2008).

1.1.3 State Corporations in Kenya

Government corporations in Kenya are created by the provision of the State Corporations Act Chapter 446 of the Laws of Kenya and allowed independence to function and pay attention to distinct commands to improve the delivery of services to the public. State corporations operate under the guidance of the corresponding line ministries with which they are associated with. However, they have a board of

directors or similar regulatory bodies to supervise day - to - day functions. The need to maintain efficiency and maintain value for money mounts pressure to the Corporations to ensure compliance with the complex public procurement requirements.

In Kenya, there are currently 125 state corporations that are grouped into 8 categories in regard to their core functions and mandate. They are: Financial Corporations, Commercial Corporations, Regulatory Corporations, Public Universities, Training and Research Corporations, Service Corporations, Regional Development Authorities, Tertiary Education and Training Corporations. The guiding principle on the conditions and requirements of issued by the office of the president in discussion with the State Corporation Advisory Committee in November 2004 emphasize that every organization should have a corporate policy with specific objectives, a set of requirements, purposes, and a goal (Government Press, 2004).

1.2 Statement of the Problem

Public procurement is more listed as fundamental for service delivery in less developed developing countries (Basheka & Bisangabasaija, 2010) and represents a significant percentage of total expense. Accountability and transparency are made necessary by the enormous amount of money committed to public procurement and the certainty that these funds come from public reserves (Hui, 2011).

Several nations both the developed and under-developed have accordingly put in place procurement changes involving laws and regulations. Regulatory compliance, however, persists as the major hindrance to it remains inadequate De Boer & Telgen, (1998) contend that non-compliance predicament afflicts countries in the European Union as it does to third world countries. Gelderman et al., (2006) further supports the

argument by confirming that acquiescence in government procurement is a key problem. Hui (2011) found out that procurement officials were accused of remissness and non-compliance with procurement policies and systems in Malaysia while investigating procurement problems. Citing Yukl (1989), he argues that acquiescence is achieved when goals make the desired need, but is indifferent to it preferably than intense and involves entirely on insignificant work. Nevertheless, as a management result, acquiescence has usually been regarded as conforming to a set of laws and enactment (Snell, 2004) cited in Lisa, (2010).

Kenya's procurement system has significantly improved. From a system that had no regulation in the 1960s to a practice that was governed by repository fliers in the 1970s, 1980s, and 1990s, to the legislation of the 2006 Procurement Regulation which introduced new measures for public procurement in Kenya (Kenyan et al.,2011). Studies conducted on PPDR of 2006 found out significantly that government purchases were not functioning competently and that the public through improper dealings lost resource (Kipchilat, 2006).

The PPDA Regulations (2006) requires that individual user agency develops a multi-annual work plan for procurement based on established resources, which are presented to the purchase and distribution department then uses the proposed action plan to design, systematize, anticipate and program activities for that fiscal cycle. The levels of acquiescence, nevertheless, are faint in the Kenyan public sector despite the fact that PPOA strives to institute rules to improve compliance (PPOA 2007).

According to Nyeko (2004), in most PEs procurement achievements are not in comparison with other entities like the human resource. He affirms that incompetent procurement execution might produce unreliable results that have fatal outcomes to a

public procuring body. Rotich (2011) argues that the assessment or acquisition measurement of achievement have continuous obstacles for procurement specialists. He argues that institutions concentrate on examining domestic aims, that in most cases, do not represent the actual view with competitor's measure. While the information described above put more emphasis on procurement methods, public reformations and the impact of planning. They do not discuss acquisition planning practices and service delivery in state corporations in Kenya. This study attempted to accomplish this as well as promote performance pointers that public enterprises in Kenya can institute to ensure sufficient and adequate service performance reform.

1.3 Purpose of the Study

The study purpose of this research is to examine the relationship between procurement planning practices and institutional service delivery in state corporations.

1.4 Research Objectives

The specific objectives of the study sought to:

- i. Determine the effect of Proper Need Assessment on institution's service delivery;
- ii. Determine the effect of Procurement Cost Estimation on institution's service delivery;
- iii. Determine the effect of Quality Specification of goods on institution's service delivery, and;
- iv. Determine the effect of risk management in procurement planning on service delivery.

1.5 Significance of the Study

The study is important because its primary objective is to contribute to the body of existing procurement information by filling reviewed gaps in the empirical research on procurement planning practices and service delivery by the State.

The findings and recommendations of the study will serve as a guide to assist decision-makers and experts in the field to make sound purchasing choices to optimize resources and improve service delivery. The results can also render valuable reference information for policy makers and stakeholders in the State Corporation and academic institutions to develop a work plan to address performance.

The findings will particularly be resourceful in contributing additional information to current and prospective institutions on procurement arrangement and service delivery in State Corporation in Kenya to facilitate maintenance of their competing edge. The research will benefit state corporations given their awareness level on strategic planning procedures that they mainly use will be increased.

The research will be useful in identifying other research areas constructed from the results of this study. The findings will act as research reference for prospective researchers interested in the subjects matter, and will guide academicians interested in conducting studies on an equivalent subject.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The research chapter put forward the relevant materials with regards to the literature review on procurement planning practices and service delivery. Therefore, the chapter has the sub-topical theoretical reviews which includes; the procurement planning practices, and service delivery which further brought a concept. The chapter finalizes with a conceptual framework.

2.2 Theoretical Framework

This study adopted the Institutional Theory postulated by Scot (2004) and the Socio-Economic Theory put forward by Sutinen and Kuperan (2009).

2.2.1 Institutional Theory

Institutions all over the world are a conglomeration of cultural-cognitive and regulative elements which in togetherness with their daily endeavors on the resources give the clear picture of life, Scott (2004). Therefore, Scot contuse by asserting that there are three strong holds of institutions. He postulates that they are; normative, regulatory, and cultural cognitive. It is worth noting that the normative strong hold the signification of traditions, for instance, how things should be done, and further, the values which dictates the preference or the desired social (how things should be responsibility as the foundation of compliance.

The strong hold of the regulatory stresses how rules in the society should be used, how laws and to the extension, sanctions are the enforcement criterion, and the result is the compliance of the same. The normative strong hold is the cultural-cognitive

oriented and thus, it is based shared understanding, for instance, sharing of the binding beliefs, and the shared common ground. The theory is thus regarded crucial to the execution of the sustainable procurement policy and practice in public serving organizations. The theory is one of the major proponents of organizational deals culture and which also looks into the degree to which the already in existence condition in an organization supports sustainability and the change in general. In the other spheres, this component is not limited to the extent into which there is constant support for SP at very high levels of the organization and further, the point that institutional wholesome development and configuration sustain (Brammer & Walker, 2007).

2.2.2 Socio-Economic Theory

The combination of economic theory with other theories from the social sciences, and to the extension, of socioeconomic theory, breeds an overall moral responsibility that therefore acts as determinants of individuals' decisions on compliance (Sutinen & Kuperan, 2009). The psychological way of looking at things gives a provision on the priming's of success or the failure of organizational amenableness. The submission of Wilmshurst & Frost (2010) in an addition of Sutinen & Kuperan, legitimacy theory, puts it that, institutions are predisposed to reveal their daily practices to the general populace, and consequently, categorically give an explanation for its occurrence inside organization margins, Lisa (2010). The assumption puts an emphasis on how relationships and interaction occur in the group and the society at large should be interacting, and also, furthers the continuous provision of the understanding of how the government procures, and to the extension, its procurement system, (Huiet, 2011). These theories enable us to understand the policies and the planning of the sustainable

procurement practices in state corporations. It thus influences on service delivery to the public.

2.3 Empirical Review

This section reviewed the necessary literature linking service delivery to procurement planning practices in parastatals.

2.3.1 Needs Assessment in Procurement Planning

Procurement Planning is an extraneous process that does not only involves the needs of the organization that guarantees what to be procured by an organization, how best to meet these organizational needs, the services needed by the organization, the scope of the procurement and therefore, procurement of the goods, the strategies to be employed, the time frame to accomplish the procurement, but also the accountability criterion, (Ezeh, 2012). It should be noted that needs assessment, is not only a rigorous but also systemic process for identifying and addressing the needs, which are therefore the ultimate gaps between current situations and desired situations. This is therefore the most important issue in the procurement processes because it acts as conveyor belt to an effective mechanism to identify the most appropriate measures by evidently pinpointing the challenge to make certain that fixed assets (preceding Budget appropriations), are thus not only channeled towards developing but also executing a practicable and relevant resolution for known programs.

It is important to note that when we realize and identify our needs then all this will enable us to initiate the procurement process, (PPOA, 2009). All these processes are informed by the intervention status, the plan of the project, the schedules of the production, the working plans, and the budget required for all these operations, and lastly, the procurement plan. This will guarantee the market survey to ascertain the

prices of the products that are of course supposed to be procured, and to the extension, to establish the new products in the market, and ultimately, latest supply sources, rivalry nature and surroundings facets that can dictate the market supply.

The main hindrance to the public procurement development in Kenya is the tendencies of singling-out non-compliance as posited by a 2007 report of (Karin et al.). The challenge however is that they did not successfully ascertain the stage in procurement where non-compliance happened. Even though Kari et al, highlights the essential function of an appropriate need consideration is a basis to resourceful procurement, its fall short of clearly bringing out the forefront connection between need assessment and institutional performance.

2.3.2 Quality Specification in Procurement

The definition of service quality as put forth by Gronroos (2001) is thus the measure of not only how best the service level delivered, but also how it meets customer expectations. It well known that the intrinsic nature on the quality of service, is that it must correspond to customer needs (Edvardsson, 1998). As a result, issues associated with knowing the quality of service from a client's point of view is due to limited research in the field (Gremmler, 1994).

Some researchers such as Edvardsson (1998) are of contention that order is the essential element in a procurement role. Therefore, with no roles, the whole procedure can manifest in drawback to the purchasing section. He thus gives a list of the features of a good specification as follows enumerated respectively; consents to a transparent procurement practice, and offers assessments to the process to ensure services perform in agreement with ideal standard as per requirements.

2.3.3 Cost Estimation and Forecasting in Procurement (Value for money)

The purchase of the product and service must be in congruence with the market prices and at the same time, should be able to give at least good savings. This thus confirms the submission of PPDA Act (2007) which postulates that purchases must be economical and efficient. The not well informed and thus corrupted way for instances; wear and tear of stocks, over invoicing, irresponsible procurement leading to wastage, shortage of goods when needed, and dishonest practices such as unplanned expenditure should be condemned with the strongest terms possible.

It is worth noting that the Judiciary Strategic Plan of (2012-2016), is having an intention of establishing, and thus putting it into institutions so as to fully operationalize results-oriented financial plan, and to further instituted an economic organization and liability facility in Oder to attain set standards and client wants To be specific, this arm of the government is planning to develop and operationalize procurement team at the decentralized units, trails and indicators for forensic audit, value-for-money standards, and develop an annual procurement unit. It was found during the 2007 baseline survey that item of common user cost that PE bought, were at an average of sixty percent which is beyond the existing market value (Kirungu, 2012).

2.4 Procurement Planning and Service Delivery

The general term that is when organizations “fail to plan” consequently “plan to fail” is thus a clear link that is also confirmed by Johan (2006) who argues that to fail to plan any service delivery, consequently are planning to be unsuccessful in distributing services to the intended beneficiary. If a person’s only plan to comply with regulations, ultimately, this shows that they are not managers, but robots, who follow instructions, that produce strict procedural ways of doing things, for instances,

implementing, scrutinizing planning procedures, and what's core in an organization should be to consequently, establish customer feedback on their satisfaction level with a service.

The act of procurement planning is one of the core operations of the procurement processes thus it has the fertile ground to contributing to thriving of the local administration functions and better service delivery, Basheka (2004). Procurement planning therefore puts in progress the entire local administrations procuring services. This ultimately works towards escalating the efficiency, success, and lucidity of state procurement devices in a constant anxiety of states in the third world countries and universal growth as an entity.

The major input for procurement planning observation, is ultimately ensuring on well-organized and actual service delivery. In first and third world services are average, Mullins (2013). Its impact can be at all levels of state segment running. His study exposed a substantial affirmative connection between procurement planning and the delivery of service in local government procurement systems in Kenya. Consequently, these outcomes are equated to global study results and propositions in ensuring functional structures in all aspects.

The most and efficient way of procurement planning is the basis of the enroute to realizing the proper service to be delivered to the general populace, and to the extension, increasing the level of service necessities that can be attained from the grassroots level (Mawhood, 2013). These support the procuring unit to achieving the utmost worth for spending and thus re-correct procurement functions before publicizing to possible bidders.

2.5 Critique of the Existing Literature Relevant To the Study

The literature review carried which has been keenly scrutinized above has been aiming to analyzing the existing studies on procurement planning with a specific attention on, cost estimation, quality and need evaluation (Nwabuzor,2005) therefore put forth that an inclusive procurement recital is a function of a comprehensive procurement planning process. These thus enable one to analyze all the variables in a precise environment. It should be noted that with connection to the above argument, the literature review have recognized the significance of, quality specification, cost judgment, and need evaluation. Nonetheless, the studies have fallen short to mention vividly the function of procurement planning variables used in this study on state corporations' performance.

This consequently puts forth this study to attempt to establish these relationships because they are essential for an increasing use of these associations and performances with a practical connection with the Mombasa Law Courts. Low intelligibility creates loopholes for corruption. Thus, Brinkerhoff (2004) clearly brings out the core characteristics of measurement of objectives and outcome, accountability, validation of consequences to auditors, and penalties for non-compliance or impediment (Artley and Stroh, 2001).

According to the Judiciary Strategic Report (2012 procurement services in their systems is characterized with misappropriation, swindle, and transactions. Several representatives were dismissed and indicted for corruption that affected the general presentation and justice delivery in Kenyans.

2.6 Conceptual Framework

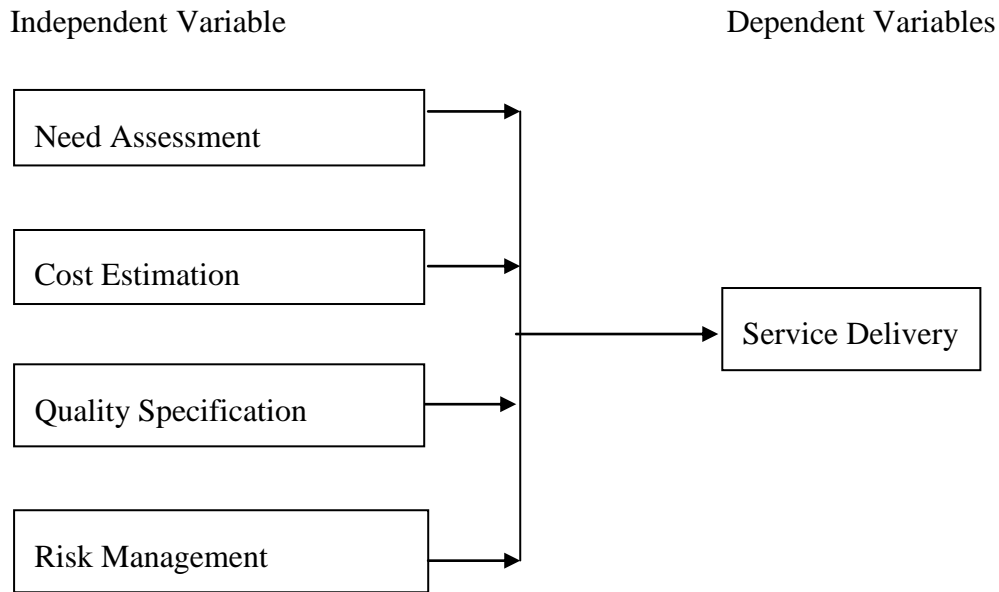


Figure 2.1: Conceptual Framework

2.7 Research Gaps

While various studies in the past have tended to focus on procurement planning and its influence on institutional performance, not all aspects have been addressed within the institutions dispensing justice that is the judiciary system in Kenya. The 2006 Public Procurement Regulation aimed to promote equality and accountability government procurement in organization with the primary intend of guaranteeing proficient exploitation of state funds. Studies show, nevertheless, that following the legislation of rules, at hand are public fund losses that are still attributable to government procurement. In addition, studies reveal discontent among major shareholders caused by regulation ambiguity that are then exploited by corrupt individuals to render the process ineffective.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The methods used to mine data, the design of the research, the sampling procedure, the process of data analysis together with the process of ensuring reliability and validity have been discussed in this chapter.

3.2 Design of the Research

Descriptive research design was adopted by the study. This study sought the perception, attitude and values of the respondents on the subject matter (Mugenda & Mugenda, 1999).

3.3 Sampling

This study targeted 125 parastatals in Kenya as indicated by the State Corporations Advisory Committee (2016). In order to obtain a representative sample from the population, Yamane's simplified formula (in Harper and Row, 2013) was applied:

$$n = \frac{N}{1 + Ne^2}$$

Where (e) is the confidence level of .05; (N) is the target population which is 125 and; (n) is the sample size. From this formula, the minimum sample size that can be used in the study was 94. However, 100 state corporations were sampled in this study.

3.4 Data Collection

Data was mined through structured questionnaire built on Likert scales appropriate for each question. The instruments were administered by research assistants.

3.5 Data Analysis

Data was cleaned and digitized into version 21 of Statistical Packages for Social Scientists (SPSS) analysis software. The data was multiply regressed to determine the relationship between procurement planning practices and service delivery. The regression model applied the multiple linear regression equation: $Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$ where Y = Service Delivery; X_1 = Needs Assessment; X_2 = Quality Specification; X_3 = Cost Estimation; X_4 = Risk Management; $\beta_1, \beta_2, \beta_3, \beta_4$ = Coefficients of determinations (R^2); β_0 = Constant, and; α = Error term. The R square (R^2) measured the correlation between procurement planning practices and service delivery. The regression model was computed at 95% confidence level.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

4.1 Introduction

The analysed data has been presented in this chapter. Of all 100 questionnaires administered, 94 were fully and properly filled representing a response rate of 94%. Mugenda and Mugenda (1993) opine that a response rate of at least 80% is statistically acceptable.

Table 4.1: Response Rate

Category	Population	Percent
Response	94	94%
Non Response	6	6%
Total	100	100%

4.2 Study Demographics

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

4.2.1 Gender

Findings of the study reveal that there were more male respondents at 60.7% than female respondents at 38.3%. a majority of the labour force of State Corporations' are aged between 30-40 as represented by 42.6%, with those aged between 40-50

comprising 36.2%, while those aged between 18-30 constitute 13.8% of the labour force. Only 7.4% of the labour force is aged between 50 and 60.

Table 4.2: Gender

Category	Population	Percent
Male	58	61.7%
Female	36	38.3%
Total	94	100.0%

4.2.2 Education

Study findings also reveal that a majority of the respondents (48.9%) of the respondents were degree holders while 31.8% of the respondents were diploma holders with 11.7% of the respondents indicating they were certificate holders. Only 8.5% of the respondents were forth form school leavers.

Table 4.3: Level of Education

Category	Population	Percent
Degree	46	48.9%
Diploma	29	31.8%
Certificate	11	11.7%
Secondary	8	8.5%
Total	94	100.0%

4.2.3 Length of Service

It was also revealed that a majority of the respondents (51.1%) had served their employer for over five years while 39.9% had served their employer for between 3

and 5 years with 10.6% of the respondents indicating that they had served their employer for between 1 and 3 years. Only 6.4% had served their employer for less than one year.

Table 4.4: Length of Service in the Organization

Category	Population	Percent
5 yrs and above	48	51.1%
3 to 4 yrs	29	29.8%
1 to 3 yrs	11	10.6%
Less than 1 yr	6	6.4%
Total	94	100.0%

4.3 Need Assessment on Institution's Service Delivery

The study findings reveal that respondents agreed that needs assessment affects service delivery in government parastatals. The means and standard deviations of each element are tabulated in Table 4.5.

Table 4.5: Proper Need Assessment on Institution's Service Delivery

Statements	N	Mean	SD
Managers conduct needs assessment before procurement	94	4	1.074
Managers conduct market analysis before procurement	94	4	1.067
Organisation's business need is clearly defined	94	5	1.161

4.5 Procurement Cost Estimation on Institution’s Service Delivery

The study established that cost estimation in procurement greatly affects service delivery in state corporations. Respondents indicated that if costs are not properly estimate, departments in state corporations may either be under financed or over financed. When departments are not sufficiently financed, they may not be able to offer the necessary services to the public. The scores for means and standard deviations of each of the elements are shown in Table 4.6.

Table 4.6: Procurement Cost Estimation on Institution’s Service Delivery

Statements concerning cost estimation	N	Mean	SD
Market survey undertaken to ensure cost accuracy	94	4	0.863
Discrepancy identified are corrected in these processes	94	4	0.794
Procurement cycle is examined to prevent fraud	94	5	1.096
Suppliers are periodically evaluated on quality	94	3	1.344
Timely mitigation of procurement obstacles done	94	4	0.784
Purchases are closely supervised to control costs	94	5	1.097

4.6 Quality Specification of Goods on Institution’s Service Delivery

The study revealed that procurement manager and procurement officers are engaged in quality specification as a way of ensuring that the outcomes of services to the public are high. Respondents indicated that with quality services and goods supplied to parastatals, these organisations can assure the public os service delivery second to none. They opined that poor services and sub-standard goods supplied to them translate to poor services offered by them to the public. The mean scores and standard deviations of the elements under quality specifications are shown in Table 4.7.

Table 4.7: Quality Specification of Goods on Institution's Service Delivery

Statement	N	Mean	SD
Procurement planning and analysis is done	94	2	1.096
Managers consult to ensure high quality	94	3	1.344
Users are involved in specification development	94	4	0.784
user departments specify quality of the required	94	3	1.344

4.7 Risk Management of Goods on Institution's Service Delivery

Study findings reveal that risk management greatly affects service delivery at state corporations. Respondents indicated that if risks are not foreseen and mitigated, government agency risk losing a lot of money. This money, they argued can be used to offer other services to the public. Risk management helps these corporations avoid court cases, delayed supply of goods and services just but to mention a few. The mean score and standard deviations of the elements under risk management are shown in Table 4.8.

Table 4.8: Risk Management of Goods on Institution's Service Delivery

Statements concerning Risk management	N	Mean	SD
Compliance to procurement act achieved	94	4	0.863
Periodic reviews of transparency and accountability	94	4	0.794
Supplier technical abilities are evaluated	94	4	1.081
Goods and services are checked against the LPOs	94	5	0.072
Suppliers audited to correct compliance errors	94	4	0.891

4.8 Procurement Planning and Institution's Service Delivery

Respondents indicated that procurement planning affects service deliver in state corporations. They noted that proper planning before procuring goods and services ensures that these corporations get the best goods and services at competitive rates. They argued that organisations risk losing money whenever goods and services are procures haphazardly. They argued that it is only through proper planning that organisations are able to draft clear terms of reference for procurement as well as statements of work for service delivery. The mean scores and standard deviations for element under procurement planning are indicated in Table 4.9.

Table 4.9: Procurement Planning and Institution's Service Delivery

Statement	N	Mean	SD
Prior budget approval obtained	94	4	1.096
Managers draw delivery schedules	94	4	1.344
Planning leads to efficient and effective in service delivery	94	4	0.784
Key service stakeholders are consulted	94	4	0.794
Sources of funding are identified through planning	94	4	1.344
Terms Of Reference (TOR) are drawn	94	4	0.784
Statement of Work (SOW) are drawn	94	4	1.097
Procurement planning improves service delivery	94	4	0.863
Planning controls wasteful spending	94	2	1.096

4.9 Procurement Planning Practices and Service Delivery

The regression model applied the multiple linear regression equation: $Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$ where $Y =$ Service Delivery; $X_1 =$ Needs Assessment; $X_2 =$ Quality Specification; $X_3 =$ Cost Estimation; $X_4 =$ Risk Management; $\beta_1, \beta_2, \beta_3, \beta_4 =$ Coefficients of determinations (R^2); $\beta_0 =$ Constant, and; $\alpha =$ Error term. The R square (R^2) measured the correlation between procurement planning practices and service delivery. The regression model was computed at 95% confidence level. The regression analysis shows that the slope of the curve or coefficient of determination (R square) is equal to 0.633. P-Value = 0.000 < 0.05 means that the model is significant at the 5 percentage significance level.

Model	R	R ²	Adjusted R ²	S.E
Dimension0 1	.796 ^a	0.633	0.594	0.30202
a. Predictors: Needs Assessment; Cost Estimation; Quality Specification; Risk Management				

a. Predictors: (Constant)

ANOVA^b

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	5.976	4	1.494	16.377	.000 ^a
Residual	8.099	89	.091		
Total	14.075	93			
a. Predictors: Needs Assessment; Cost Estimation; Quality Specification; Risk Management					
b. Dependent Variable: Service Delivery					

The ANOVA P-Value = 0.00 < 0.005 significance level indicates that a correlation exists between the independent variables (Needs Assessment, Cost Estimation, Quality Specification, and Risk Management) and the dependent variable (Service Delivery).

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

A summary of the findings as discussed in chapter four, the conclusion and recommendation are presented in this chapter.

5.2 Summary of Findings

The study's sample size consisted of respondents from 100 state corporations to which questionnaires were administered with 94 fully filled. The study sought to determine the relationship between procurement planning practices and service delivery in State Corporations in Kenya. The study revealed that procurement planning practices affect service delivery in state corporations in Kenya.

5.3 Conclusion

State corporations need to put in place rigorous measures to ensure that procurement is based on carefully crafted plans that take into consideration the regulations of the procurement and disposal Act. Procurement should be a process for ensuring that citizens access the best services and not a conduit for stealing from state coffers.

5.4 Recommendations

The Government of Kenya should remove the bottlenecks in procurement to ensure that procurement becomes less cumbersome.

The Government should ensure that all public servants in procurement departments have the necessary professional and academic qualifications to understand the procurement process.

The Government should establish in house legal assistance for all public entities involved in procurement.

5.5 Limitations of the Study

The study cannot be generalized other public entities to the extent that it focused on state corporations only. The operations of the civil service are by nature different from that of state corporations. The two also have different organizational characteristics.

5.6 Suggestions for Further Studies

Future studies should focus on the effect of procurement planning practices on service delivery in the civil service as well as the effect of procurement practices on the performance of private corporations.

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APPENDICES

Appendix I: Questionnaire

I am Tracyanne Metobo, a graduate student at the University of Nairobi carrying out a research study on “Procurement Planning Practices and Service Delivery in State Corporations in Kenya”. The purpose of this questionnaire is to get your views on the research study which will help the study to make conclusions and recommendations. Any information given will be only used for academic purpose and shall not, whatsoever, be used for any other purpose and will be treated with utmost confidentiality. The views expressed here are confidential and are meant for academic research only.

Section 1: General information

1. What is your gender?

Male

Female

2. Age range in years?

18-30 () 31-40 () 41-50 () 51-60 ()

3. What position do you hold in this company?

4. Please indicate the highest level of Education reached?

Degree Diploma Certificate Secondary

5. For how many years have you worked for this company?

5 years and above 3-4 years 1-3 years Less than 1 year

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

Category	Response
Financial Corporation	
Commercial/Manufacturing Corporation	
Regulatory Corporation	
Public University	
Training and Research Corporation	
Service Corporation	
Regional Development Authority	
Tertiary Education and Training Corporation	

Section 2: Need Assessment

7. To what extent do you agree or disagree to the following statements on a Likert scale where: 1 = Strongly Disagree 2 = Disagree 3 = Neither Agree nor Disagree 4 = Agree 5 = Strongly Agree

Statement	1	2	3	4	5
The business need is clearly defined by the responsible personnel in the unit /department					
Thorough needs assessment is undertaken by respective heads for goods and services needed					
Market analysis is carried out to determine where to procure from					

Section 3: Cost Estimation

8. To what extent do you agree or disagree to the following statements on a Likert scale where: 1 = Strongly Disagree 2 = Disagree 3 = Neither Agree nor Disagree 4 = Agree 5 = Strongly Agree

Statement	1	2	3	4	5
Market survey is conducted perpetually to ensure accuracy in cost estimate.					

Corrective actions are taken once discrepancy is identified in these processes					
The organization examines the procurement cycle to prevent fraud					
Supplier evaluation is periodically undertaken to ensure good quality of the goods and services.					
Obstacles in the procurement process are mitigated in a timely manner					
Close supervision of purchases is done as a way of controlling costs					

Section 4: Quality Specification

9. To what extent do you agree or disagree to the following statements on a Likert scale where: 1 = Strongly Disagree 2 = Disagree 3 = Neither Agree nor Disagree 4 = Agree 5 = Strongly Agree

Statement	1	2	3	4	5
Planning and analysis is done before commencement of specification development					
Consultation and information gathering to ensure high quality goods.					
User and management involvement in specification development.					
Supplier evaluation is periodically undertaken to ensure good quality of the goods and services.					
Obstacles in the procurement process are mitigated in a timely manner					
The user departments clearly specify quality of the required goods and services					

10. In your opinion state how could the institution management and procurement staffs improve on the quality of specification developed.....

Section 5: Risk Management

11. To what extent do you agree or disagree to the following statements on a Likert scale where: 1 = Strongly Disagree 2 = Disagree 3 = Neither Agree nor Disagree 4 = Agree 5 = Strongly Agree

Statement	1	2	3	4	5
Organizations level of compliance to procurement act and its regulation are adhered to.					
Level of transparency and accountability of procurement funds are periodically reviewed.					
What is the level of minimization of procurement expenditure					
Reviews of the procurement system are done at regular intervals					
Corrective actions are taken once discrepancy is identified in these processes					
The organization examines the procurement cycle to prevent fraud					
The technical abilities of the suppliers are evaluated before contract awarding					
Received goods and services are checked against the local purchase order					
Periodic supplier audits are undertaken to correct compliance errors					

12. In your opinion, state how could the institution management reduce /eliminate risk involved in procurement practices

Section 6: Procurement Planning

13. To what extent do you agree or disagree to the following statements on a Likert scale where: 1 = Strongly Disagree 2 = Disagree 3 = Neither Agree nor Disagree 4 = Agree 5 = Strongly Agree

Statement	1	2	3	4	5
Budget approval is obtained for the required items before purchase in the organization					
Delivery schedules that fit in the organization requirements are drawn with the suppliers					
The organization is efficient and effective in service delivery in the county					
Reviews of the procurement system are done at regular intervals					
Procurement planning in organization entails consulting key service stakeholders					
Procurement planning helps budgetary proposals that seek to approval service delivery.					
Procurement planning identifies sources of funding service delivery					
Procurement planning ensures that the organization makes clear Terms Of Reference (TOR) for service delivery					
Procurement planning ensures that the organization makes clear Statement of Work (SOW) for service delivery.					
Procurement planning sets in motion the entire procurement process of acquiring services in government corporation					
Procurement planning integrates the organization operations and improved service delivery					
Procurement planning drives expected results which impact on service delivery					
Effective procedures to control wasteful spending in procurement of goods/services.					
Management and staff adhere to the procurement system for service delivery.					

Section 7: Service delivery

14. Please provide the following information on service delivery; to what extent do you rate the following statements?

Service Delivery	0%-25%	25%-50%	50%-75%	75%-100%
Effectiveness of service delivery				
Customer satisfaction				
Efficiency of service delivery				
Responsiveness				