

**PUBLIC PROCUREMENT AND OPERATIONAL PERFORMANCE OF
COUNTY GOVERNMENTS IN KENYA**

ABDI ABDULLAHI ALI

**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR AWARD OF THE DEGREE OF MASTER OF
BUSINESS ADMINISTRATION, UNIVERSITY OF NAIROBI**

2018

DECLARATION

I declare that this research project is my original work and has not been submitted for assessment or award of a degree to any other university.

Signed..... Date.....

Abdi Abdullah Ali

Reg. No: D61/73137/2009

This project has been submitted for examination with my approval as the university supervisor and moderator

Signed..... Date.....

Mrs. Nancy Marika

Supervisor

Signed..... Date.....

Mr. Michael K. Chirchir

Lecturer, Department of Management Science,

University of Nairobi.

DEDICATION

I dedicate this research project to my mother Abdia Mohamud, my father Abdullahi Abdi for believing in me and their relentless support, encouragement and prayers, my wife Rahma Abdi and our adorable children; Suheib and Suleim for their patience and support through my period of study. All their support and prayers brought me this far.

ACKNOWLEDGEMENT

I thank Allah for opening up my heart and making this task easy and honoured me by the light of understanding and opening the doors of His knowledge. I would also sincerely wish to acknowledge the support provided to me by my supervisors Mrs. Nancy Marika and Mr. Michael K. Chirchir. I most importantly appreciation and return gratitude to my parent, wife and children for the moral support during this period of study and for understanding and appreciating the demand of the course in terms of time and resources. I cannot forget my colleagues at work and friends who supported me and provided guidance when I needed most.

TABLE OF CONTENTS

DECLARATION.....	ii
DEDICATION.....	iii
ACKNOWLEDGEMENT.....	iv
LIST OF TABLES	ix
LIST OF FIGURES	xi
ABSTRACT.....	xii
CHAPTER ONE: INTRODUCTION.....	1
1.1 Background of the Study	1
1.1.1 Public Procurement	1
1.1.2 Operational Performance.....	4
1.1.3 County Governments in Kenya	5
1.2 Research Problem	6
1.3 Research Objective	8
1.4 Value of the Study	8
CHAPTER TWO: LITERATURE REVIEW.....	9
2.1 Introduction.....	9
2.2 Theoretical Literature Review	9
2.2.1 Agency Theory.....	9
2.2.2 Social Learning Theory	11

2.2.3 Resource-Based View	12
2.3 Public Procurement.....	12
2.3.1 Corporate Governance.....	13
2.3.2 Capacity Building.....	14
2.3.3 Financial Resource Availability	14
2.3.4 Information and Communication Technology	15
2.4 Operational Performance	15
2.5 Empirical Literature Review.....	16
2.6 Conceptual Framework.....	19
2.7 Challenges in the Implementation of Procurement Practices	20
CHAPTER THREE: RESEARCH METHODOLOGY	24
3.1 Introduction.....	24
3.2 Research Design.....	24
3.3 Population	24
3.4 Data Collection	25
3.5 Data Analysis	25
CHAPTER FOUR.....	25
DATA ANALYSIS, RESULTS AND DISCUSSION	27
4.1 Introduction.....	27
4.2 Response Rate.....	27
4.3 Validity and Reliability Analysis.....	28

4.4: Demographic information.....	28
4.4.1 Gender of the respondents.....	28
4.4.2 Highest Level of Education.....	29
4.4.3 Working Experience.....	30
4.4.4 Form of Training.....	30
4.5 Public Procurement and Operational Performance.....	31
4.5.1 Corporate Governance and Operational Performance.....	31
4.5.2 Capacity Building and Operational Performance.....	32
4.5.3 Financial Resource Availability and Operational Performance.....	33
4.5.4 Information and Communication technology (ICT) and Operational Performance.....	34
4.5.5 Operational Performance of County Governments in Kenya.....	35
4.6 Correlation Analysis.....	36
4.7 Multicollinearity.....	38
4.8 Regression Analysis.....	38
4.9 Challenges of Implementation of Public Procurement Reforms in Kenya.....	40
4.10 Discussion of Findings.....	42
CHAPTER FIVE:SUMMARY, CONCLUSION AND RECOMMENDATIONS	44
5.1 Introduction.....	44
5.2 Summary of Findings.....	44
5.3 Conclusion.....	46
5.4 Recommendations.....	47

5.5: Limitations of the Study47

5.6 Recommendations for Further Research.....47

REFERENCES.....49

APPENDIX I: SAMPLE QUESTIONNAIRE53

APPENDIX II: LIST OF COUNTY GOVERNMENTS.....60

LIST OF TABLES

Table 2.1: Summary of the empirical literature	19
Table 4.2: Response Rate.....	27
Table 4.3: Reliability Coefficients	28
Table 4.4: Gender of the respondents	29
Table 4.5: Highest Level of Education	29
Table 4.6: Working Experience	30
Table 4.7: Form of Training.....	31
Table 4.8: Corporate Governance	32
Table 4.9: Capacity Building and Operational Performance	33
Table 4.10: Financial Resource Availability and operational performance	34
Table 4.11: Information and Communication technology (ICT).....	35
Table 4.12: Operational Performance of County Governments in Kenya.....	36
Table 4.13: Correlation Matrix	37
Table 4.14: Collinearity Statistics.....	38
Table 4.15: Model Goodness of Fit	40

Table 4.16: Analysis of Variance (ANOVA)	40
Table 4.17: Regression Coefficient.....	39
Table 4.18: Challenges in implementation of public procurement.....	42

LIST OF FIGURES

Figure 2.1: Conceptual Model	19
------------------------------------	----

ABSTRACT

The study's objective was to establish the extent of public procurement on operational performance in Kenyan County Governments. The methodology used involved collection of primary and secondary data through an online survey tool; whose link was sent to respective officers in the procurement and supply chain departments. The responses were analyzed using descriptive and inferential statistics on SPSS 24. The findings were presented using percentages, frequency, means, standard deviations and tables. The study established that a properly functioning public procurement function has a significant influence on operational performance of County Governments in Kenya. The study concluded that efficient management is one of the most effective preventative mechanism that promotes accountability and transparency, encourages oversight and provides a good basis for prevention of corruption. It was also established that Ambiguity in the public procurement procedures result in dubious tendering and supplier discrimination. This research recommended that county governments must focus on improving the functionality of public procurement in order to realize the intended objectives on improved operational performance of the County Governments. Future researchers could investigate factors affecting tendering processes and mimic this study on private entities and parastatals and state corporations.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Procurement processes supports acquisitions of requirements necessary for the operations of government and economic functions. The emergence of global economies has decentralized government functions and the corresponding procurement needs and processes. Reactions to the current procurement landscape has necessitated reforms and new regulations. As a direct consequence, the public procurement landscape in the Kenyan context has gone through a lot of changes; developing from a system without regulations in the 1960's; to one that was regulated by treasury circulars in the 1970's through to the 1990's. An era of public procurement reforms then followed from year 2001 through to 2010; an exchequer and audit (public procurement) regulations in 2001; the launch of the public procurement and disposal Act in 2005 and ratification of associated regulations in 2006 to the establishment of a vibrant public -private partnership platform for improved participation and service delivery.

1.1.1 Public Procurement

Governments are known to be the biggest spenders in any economy. All the corresponding spend channels are conducted through public procurement with close to 60 percent of public expenditure going through public procurement (Kipkorir, 2013; Makabira & Waiganjo, 2014). The development objectives on poverty elimination,

provision of health services, attainment of quality education; infrastructure growth and provision of other public services and goals are therefore highly dependent on the operationalization of Public procurement. According to Lisa (2010), the nature and context of procurement qualifies the approach to adopt. This can either take a public or private sector orientation. The focus of this study is on public procurement. Public ownership imposes obligations on public accountability with prescribed procedures and policies. There is a burden on all procurement officers to ensure documentation and proper archiving of all steps of the procurement cycle. Contrary to the expected-given the nature of regulations accorded to this procurement sector, and the underlying principles on public good, Maiyo (2009), characterize public procurement procedures with high levels of bureaucracy; zero attention to value; poor communication and no focus on long term relations.

None the less, public sector procumbent must live to the expectation of providing platform through which government and other state agencies and corporations can reach set goals on polity, economy and social good, Nkinga (2003). Every responsible player must internalize the mission and goals of the overall organization and allow for effective role play within the overall structure and enhance relationships among the various entities. In most cases, public procurement is dictated by the government systems: unitary or federal system; central or County government. The central government has control over stakeholders -usually through regulation of local government procurement structures and processes. This may not be absolute to all; in a federal system; the federal and local

government units enjoy a reasonable amount of autonomy from the controls of central governments. The freedom can be manifested through creation of stand-alone procurement structures, methods and processes leading to fragmentations and heterogeneity in the operations of the procurement functions.

Any democracy allows individuals, groups, and any other relevant stakeholder can engage with her procurement systems and processes. Deliberation to streamline the public procurement sector is therefore forced to align to interests from various groups; with mutually exclusive interests, objectives and beliefs; the public procurement system and process is thus developed around compromised legislations, targeted at accommodating various lobby group interests (Thai, 2008). In Kenya, the 2010 constitution reviewed the provisions on public procurement set out in the 1969 and 1963-independence constitution. The government committed to the principles of good governance; highlighting transparency, value for money and cost efficiency in all procurement processes and giving more voice to the PPDA of 2005 and the corresponding regulation set in 2006. Through the act (PPDA, 2005), objectives on optimizing economy growth through efficiency, competition, and promotion of integrity and fairness on all procurement procedures.

According to PPOA (2010), there is very little that has been achieved even with the regulations set out in the PPDA,2005, the Kenyan procurement system still faces a myriad of challenges with a highlight on losses of funds associated to procurement

malpractices. The process is still choked with political interference at the highest level of government. The government and the economy have lost billions to scandals and scams linked to sourcing/procurement processes; Ken Ren, Goldenberg, Anglo leasing on mention of a few cases. Interference from political entities and persons who have intervened either at contract award or implementation of investigative reports continue to limit and thwart efforts to clean and streamline the procurement processes (World Bank, 2008). Audit Reports from responsible authorities point to a mismatch on the usual cost-benefit metrics on procurement processes (Mukinda, 2014).

1.1.2 Operational Performance

The measure of an organization's performance against its set standard on public finance management, service delivery, social accountability and regulatory compliance define operational performance (O'Brien, 2009). There is a nexus between operational performance and the capabilities of a firm or any entity to internalize and meet objectives set in the mission and vision statements. Such capabilities contextualize organizational performance- which is usually centered on good governance, excellence and dedicated efforts towards achievement of set objectives and goals.

An optimal scenario envisages efficiency and effectiveness in the workings of any organization. These are metrics that are sensitive to time and real value for spend or investments. In the context of public good, a look into how public's needs are fulfilled,

and the economic worth of any engagement is critical. Responsible personnel therefore are obligated to enact procedures and processes that will ensure continued accessibility and foster objective evaluation of operational performance. This should cascade into the design, development and commission of a strategy or system that target better performance of the public procurement function (Hubbard, 2009).

1.1.3 County Governments in Kenya

The 2010 Constitution of Kenya set out devolved units of the national government- referred to as county governments through article 191 and 192; within the fourth schedule of the 2010 constitution (GoK, 2010). This was ratified through an act of parliament- the County Government Act of 2012. These settings then called for representation- a one-member constituency for electing a representative to the Kenyan senate and a chance to work towards achieving an objective on affirmative action- two-thirds gender; creating a special women's representative seat at the National Assembly of Kenya. The 2013 general elections in Kenya, actualized these provisions and set out 47 counties with boundaries aligned to the previously acknowledged 47 districts. These units were then resourced with county commissioners as administrative personnel.

The devolved units reflect the national government operations and the focus on establishing functional procurement units is shared across all units. The county units are therefore expected to action the provisions set out in the PPDA 2006. The county units

must act to permit unrestricted competition for procurement opportunities without favoritism in a clear, fair and accountable way; ensuring attainment of value for money in all public procurement. The county units share on the objectives of attaining economic growth, reduce poverty, as well as having genuine manifest to realize significant enhancements in the provision of services to the Kenyan citizenry.

Senior personnel in charge of procurement processes need to embrace the implementation of focused and continuous change management and enhancement plans to enable favorable behavioral and cultural change that brings forth a cost-effective and collaborative procurement plan. The advantages of that include enhanced efficiency in administration, improved contracts, more solid supplier relationships, improving the quality of acquisitions and linking spend to value.

1.2 Research Problem

Procurement plays an important role to every economy. For this reason, its roll out and processes must be handled in the stipulated way. The total spend estimates by government procurement functions is believed to be between 10% – 30 % of GNP (Francis, 2012). Efficient management of such spend volumes is problematic to procurement practitioners. According to Keith et.al (2016), a well-planned and implemented procurement process or strategy is an economic growth catalyst and ensures sustainability.

The objective of streamlining the procurement landscape in Kenya and reaping the benefits on growth and development have seen the government through responsible agencies set out best practice guidelines and regulations. The provisions of the new constitution set out guidelines ensure that the paradigm presented for the public procurement sector is adhered to and the objectives are met. The government then set in place regulations and laws that set out categories for preferential procurement at the national and county level. Little has been achieved in terms of the implementation of these reforms (Mokaya, 2013). Jibrin, Augustine and Ejura (2014) observed that the main problem in the current procurement industry is not attributed to the limited regulation models but non-compliance and pitiable execution process on regulations.

Studies have been carried out on procurement practices and Operational Performance. However, most of them focused on various aspects other than procurement practices and Operational Performance. In addition, it is evident that the procurement process is problematic in many public entities. This research was uniquely positioned to establish the missing link- enumerating on key components necessary for proper public procurement and its impact on operation efficiency within the devolved units at the county level. The study sought to answer the research question on the impact of public procurement on performance of counties in Kenya and the limitations that come with availability of financial resources.

1.3 Research Objective

- i. To establish the extent of public procurement on operational performance in County Governments in Kenya.
- ii. To establish the challenges facing implementation in County Governments in Kenya

1.4 Value of the Study

This study is reiterating the very important function played by public procurement within devolved units to ensure operational effectiveness or efficiency- relative to the set government goals on growth and development. The study will be useful to county governments on their strategy formulation process to increase efficiency; this study will play a pivotal role in advocacy and ensuring that County governments in Kenya fully comply with public procurement policies and procedure management practices to increase their profitability as well as conserve the environment. The knowledge from study findings will contribute to better formulation and implementation of public procurement policies and regulations; both at the national and county level. Researchers and academicians interested in this field of study or other related will provide the necessary literature to be reviewed and inform further research work in the field. This study will serve as a point of reference on the management practices especially those on contemporary management.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The section provides a review of past/ previous studies and the theory postulates on public procurement. The theories reviewed are Agency theory, Social learning theory, Resource based theory which provided a platform to introduce a conceptual discussion that highlights the causation between Independent and Dependent variables. The final sections on the chapter presented an elaborate critic of the existing literature and empirical data/ findings, with a closing summary that enumerated on the research gap.

2.2 Theoretical Literature Review

A theory defines a concept that enables a researcher or scholar understand, analyze and design ways to investigate relationships within any social system (Torraco, 2010). Researcher can present concepts that define a phenomenon under study through theory formulation. A proper research or publication document must be grounded on theories (Defee et al, 2010). The study reviewed the below theories

2.2.1 Agency Theory

The theory has gone through advancements from the initial conceptualization by Alchian and Demstet (1972) to the most current postulates by Jensen and Meckling (1976). An agency association involves interactions between the principle and an

agent- usually providing a platform for delegation of duties by the principle to the agent. In all cases, the agent operates on behalf of the principle with full authority. At the centre of such engagement are contracts or terms of reference that outline the ground rules or regulations that will then restrict the behaviour of the agents and align operations towards set objectives or goals. These contract terms set out power and authority to the agents to facilitate better activity implementation and make decisions on behalf of the principle effectively (Keng'ara, 2014).

Forward to the operationalization of agency theory within public procurement, the National Treasury is the principal and the various counties are the agents. The National Treasury is the custodian of the public funds and disburses these monies to various ministries for implementation of approved activities (Cheboi, 2014). The procurement officers at the counties have the responsibility to authorize expenditures from the funds received and take responsibility for any actions undertaken by the entity to achieve national objectives. This act of devolving authority of expenditure to finance officers at the devolved units outline agency interactions. The principal-agent relationship has an element of information asymmetry where the agent is more knowledgeable about the operations, desired performance and hidden motivation which require the principal to set up monitoring mechanisms for the agent's activities (Gudban et al, 2017).

There are various acts that are set out to define monitoring mechanism on use of public resources; the Public Finance Management Act 2012, and subsequent regulations in 2015, the Public Procurement Assets and Disposal Act 2015, the Constitution and Code of Conduct and Ethics for Public Servants among other legislations. The above is set out to guide the budget implementation process. Additionally, as a requirement for aid; the supervision and monitoring of funds disbursed for buying of goods and services in the Counties is tendered through quarterly reports on budget implementation to the National Treasury followed by a comprehensive annual county fiscal report.

2.2.2 Social Learning Theory

The art of observation is common to all economic agents. People tend to observe and learn from what they perceive as best practice from other people they regard as role models- usually credible and knowledgeable (Atkinson, 2013). The theory on social learning Social learning recognizes that the most rewarded behaviors are recurrent, and the society tend to pick on the model's behavior or skill that is frequently rewarded.

An individual takes up of new skills or behaviors based on interactions with the direct consequences from use of then said behavior or skill; and/or learning from other people's behavior experiences and / or consequences. Learning is also a function on one's self-efficacy and determines an individual's level of preparedness to learn (Barret, 2012). An individual with high self-efficacy has then capability of learning in any training program

and is least vulnerable to adverse learning conditions. The converse case presents an individual with low esteem; who will always be doubtful on mastery of content in any training program and will most often withdraw psychologically and/ or physically or totally fail to attend the program.

2.2.3 Resource-Based View

A firm's resource endowment or any other organizational asset base is the determinant of the levels of competitive advantage possible (Barney 2010; Corner and Prahalad, 2007). The theory on resource outlines the focus of business owners considering possibilities; thus, providing the drive to build their business based on the available resources and capabilities (Dollinger, 2008).

The lifeline and continuous growth of any firm rest on its resource base. Any effort to improve product development scales depends highly on the same (Wernerfelt, 2007). The study benefited from the postulates of this theory while addressing the objective on how financial resource levels impact on implementation of procurement reforms at the county levels in Kenya.

2.3 Public Procurement.

The process of setting out processes and procedures to acquire requirements by the national government, government agencies and other organizations mandated to ensure public good- define public procurement. These processes must conform to certain set

criteria to link process to objectives on economic empowerment, growth and development.

2.3.1 Corporate Governance

Corporate governance outline control mechanisms-monitoring and supervising of corporations to ensure that all players are accountable for their actions. This has a direct impact on public procurement reforms. Postulates by Eyaa and Oluka (2011), link lack of knowledge and non-familiarity with procurement rules with the poor compliance levels. The high levels of non-compliance is as a result of the complex balances that legislative interventions seek to address when setting up structures critical to operationalization of public procurement.

The various players in the public procurement sector have been perceived to know the regulations enough to be able to exploit the loopholes. There is need to embrace efficient and effective management as a preventive mechanism with a chance to promote transparency and accountability (Hui et al, 2011).

Rossi (2010), emphasize that ratified control mechanisms must be internalized and owned by all responsible functions to realize effectiveness in any process implementation. An organization top management should be at the forefront to ensure full embrace of ethical corporate behavior (Krawiec, 2003). This is a culture that must originate from the boardrooms and be championed through director's own behavior and attitude.

2.3.2 Capacity Building

According to Raymond (2008), procurement professionals need to carry out their roles in a manner that reflects on their training and qualification. The various breaches of code of conduct occur and fall out on buying procedures are highly related to lack of relevant skills and trainings in procurement management. A case in the USA; where only 10percent of the approximately over 500,000 purchasing people are members of a professional body. There is a shared responsibility in government and the private sector to adopt rigorous capacity building -through trainings and stakeholder workshops to enable practitioners familiarize themselves with all regulations and procedures that champion effectiveness and efficiency in public buying / sourcing.

2.3.3 Financial Resource Availability

Uncertainty, limited revenue growth rates and lower profit margin place greater demands on finance and purchasing units to closely monitor costs. Chief financial officers and buying officers must constantly examine broader business limitations and roll out activities that are focused on competitiveness (Williamson, 2006). According to Pandey (2010), Finance and purchasing departments jointly attempt to manage uncertainty. They are constantly faced with financial cases that need close monitoring to be able to have allocation go to more meaningful procurements.

2.3.4 Information and Communication Technology

Technology enables the buying organization to manage past procurement data- shaping current requirements and optimizing on impact of acquisitions. A snap advantage of employing digital platforms in sourcing or procurement is the cost of information retrieval (Knudsen and Pressutti, 2010).

Adoption of ICT in public procurement is beneficial to the relevant stakeholders through provision of timely and reliable information on public procurement opportunities, enabling government purchases carry out buying activities more efficiently, faster and with less bureaucracy.

2.4 Operational Performance

Operational performance determines organizational performance. The operations in a County government should be efficient and effective in order to achieve County goals. Effectiveness is the expanse to which customers' needs are fulfilled whereas efficiency is a measure of economical the organizations resources are utilized. In order to enable the accurate assessment and evaluation operational performance, the correct measurement approaches must be designed, implemented and well maintained by the users of the process. They may identify necessity of measuring the public finance, service delivery, social accountability and the overall productivity (Oakland, 2000). A systematic performance measurement system should be in place so as to attain operational excellence in the County Government.

Public procurement is at the center of any economy's fiscal engagement. The entire government spend is through public sourcing activities, accounting for 40% of their GDP. This spend processes within government or other public organizations has often raised doubts in relations to the normal cost-benefit metric in procurement. This study is founded on the fact that reforms within this sector have been enacted but the results draw little desire.

2.5 Empirical Literature Review

Supply chain performance is a synergy of actions that are focused on customer needs, requirements on logistics, demand planning, strategic sourcing and performance measurement (Anderson et al, 1997). There are control mechanisms with formal rules/regulations and standard operating procedures (SOPs) that act to guide on the behavior of individuals responsible for activities within this function. This study however did not look at the relationship between SCM and performance.

Gray et al (1997) enumerated on the implications of procurement processes on performance. The objectives of the study were to determine if the procurement values on transparency, fairness, accountability and responsible sourcing had a positive implication on performance and delivery. The study established that the set values had to be implemented together with ethical standards. The study however did not look at the public procurement and their influence on Operational Performance.

Baily (2005) report on high levels of bureaucracy in procurement set ups within state corporations. This is usually characterized with lack of emphasis on value of acquisitions, unclear or poor communications channels and a deviation into unit costs rather than long term gains. Monczka et al (2010) affirms the important functions that the procurement division plays in building corporation performance. This study report put emphasis on the need to have procedures set that then guide buying agents while performing activities in procurement.

Findings from a study by Githui (2012) associate the rise in strategic supply chain management to the need to walk away or solve cases of unethical buying. Tendering procedures have lacked transparency; exposing the suppliers/vendors to solicitation of bribes from the active buying agents- a direct consequence being loss of funds and non-performance.

Rossi (2010) holds that compliance levels in buying units speaks about knowledge and understanding levels of the existing regulations. A highlight was on the basis with which the sourcing managers comply- perception on clarity of guiding principles. Rossi, however, did not establish the relationship between compliance and performance. Eyaa and Oluka (2016) attribute poor knowledge on the procurement rules to the low levels of compliance among buying agents.

Narasimhan and Jayaram, (2015) confirm the place of strategic sourcing initiatives in boosting the performance levels of an organization. The factors under review were on sourcing decisions and their effect on the performance of manufacturing divisions in north America. The study however did not look at other factors that influence supply chain performance.

Eyaa and Oluka (2016) attribute poor knowledge on the procurement rules and lack of compliance among buying agents.

Below is a review of empirical literatures and a highlight on research gaps.

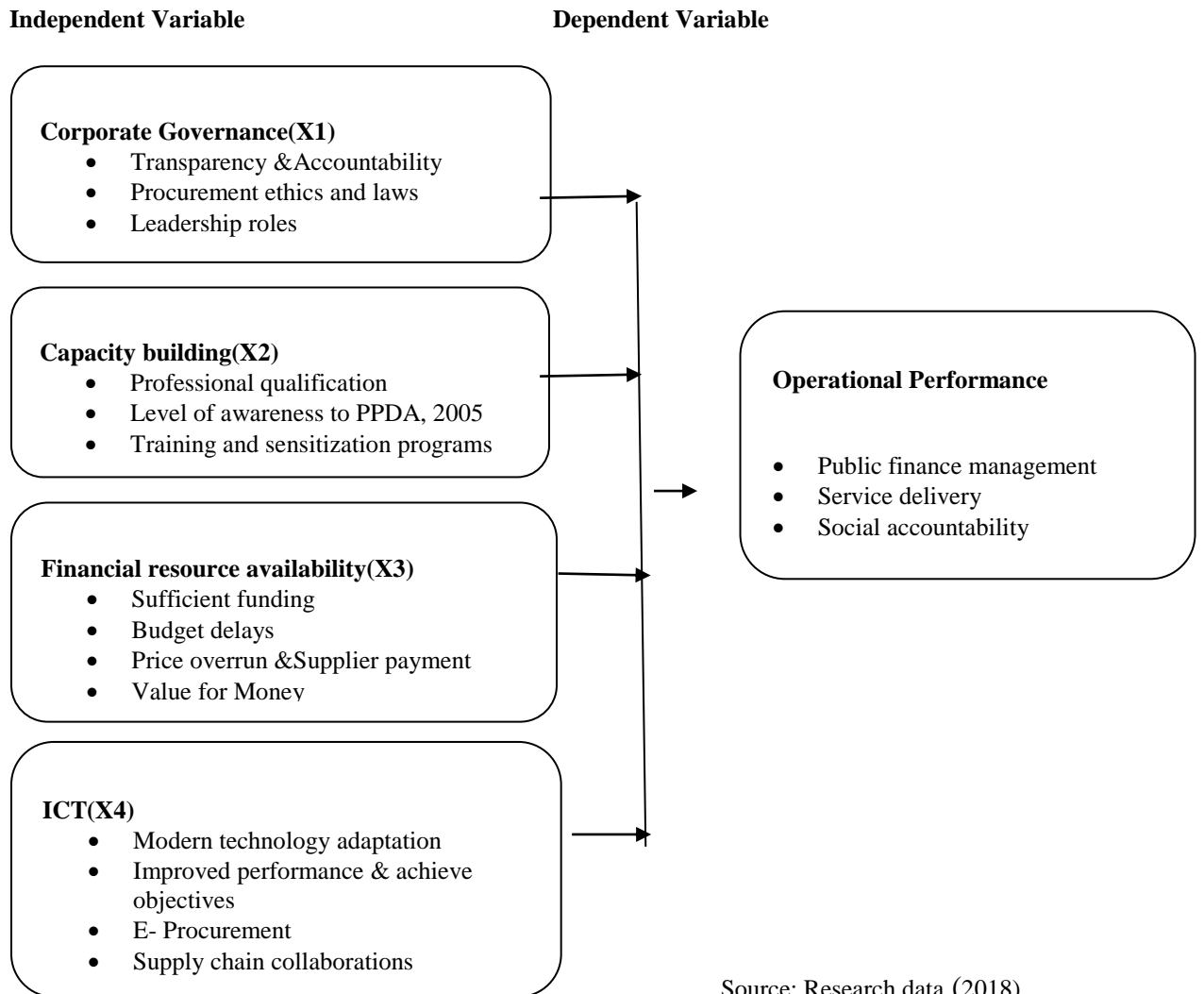
Table 2.1 Summary of the Empirical Literature Review

Scholar	Study	Major findings	Short comings and research gaps
Githui (2012)	Supply-chain management and organizational performance	SCM has brought forth numerous unethical business practices that violates set standards.	Lack of transparency in tendering processes expose suppliers to fraud and bribe solicitation from buying agents.
Oluka (2011)	Governance	Lack of knowledge and low levels of compliance.	Non-compliance was partly attributable to political good will and the complexities around legislation
Hui et al (2011)	Clarity in the public procurement procedures	Efficiency sets stage for achievement of objectives on transparency, accountability and fairness in public procurement	Substandard procurement procedures compromise on quality and goal achievement
Moncska et al (2010)	Procurement function and organizational performance	There is causation between the operations in the procurement function and organizational performance.	Consistent review and upgrade of buying procedures are contributing positively to the growth of the sourcing function.
Rossi (2010)	Documented buying procedures-controls	The controls need full internalization by all buying agents.	Compliance culture must have a top-down ownership- everyone should understand and own the set standards on procurement.
Baily (2005)	Implementation of public procurement	High bureaucracy levels characterize implementation	There are poor communications focusing on unit price rather than long-term relations.

2.6 Conceptual Framework

The conceptual framework feed from the theories reviewed and present a flow chat on the linkages between the independent, intervening and dependent variables.

Figure 2.1: Conceptual Model



Hypotheses

- i. **H₀**: No relationship exists between corporate governance and Operational Performance of County governments in Kenya
- ii. **H₀**: There is no relationship between capacity building and Operational Performance of County governments in Kenya
- iii. **H₀**: There is no relationship between financial resource availability and Operational Performance of County governments in Kenya
- iv. **H₀**: There is no relationship between ICT and Operational Performance of County governments in Kenya

2.7 Challenges in the Implementation of Procurement Practices.

Postulates of good governance require full implementation of set procurement strategies. The government and other public procuring functions benefit from aligned structures and systems when procurement policies and strategies are fully implemented. Any government with sound procurement structures command legitimacy and credibility. The converse case is the recipe of poverty and inequality through diverted funds away from the real focus on social needs; the net results are bad choices and unfair competition-bribery rather than quality service is the order of the day (Brynjolfsson & Smith, 2012).

When organizations have weak systems, corrupt procurement practices become a norm, allowing responsible procurement officers to exploit loopholes with the system and tamper with the tendering process for personal gains. There is need to carry out capacity building and trainings to change course on weak governing bodies, tradition, lack of unmatched or poor education and training programmes and foster Value for money in every procurement process or activity. (Palmer and Butt, 1985). On implementation, it is imperative that all associated processes are documented and archived accordingly. Most audit queries arise on lack of supporting documents; the procuring functions are unable to show alignment of procurement processes to the set standards on ISO 9001:2008.

Lipchak (2002) points to shared goal on good governance among organizations. The skeleton of good being transparency, accountability and trust. Critical notes on levels of achievement of the goal on governance allude to high dependence on record keeping programs- that enable and support effective governance. There is a need to explore the causation between information management and effective governance. This can be extended to capture key issues that governments in growing economies consider when auditing and upgrading record-keeping programs.

Piggot (2002), affirm that limited access to good records exposes procurement officials to making ad hoc decisions and falling into traps of maverick buying. These officials are unable to benefit from institutional memory and generate correct or strategic sourcing initiatives. Proper auditing of procuring functions when there are no records is never a

possibility, occurrence of fraud cannot be detected or investigated. A platform that embraces good governance facilitates verification of past procurement document trails; price investigations and analysis can be used in informing future spend or specification designs to foster sustainability within all public buying channels (Atkinson, 2003). Atkinson, (2003), highlights what a good procurement strategy must cover when setting out the need for recordkeeping. All procurement document management systems must embrace the availability, quality, security and completeness of all goods, services and work sourcing activity records and files. Every filing system; digital or manual must ensure that tender or purchase order numbers, total spend values; validity period for contracts, names of evaluation committees; calls for proposals and public notices of bidding opportunities; bidding documents and addenda; bid document opening and evaluation reports and any other relevant documents that may change or influence the sourcing process implementation are readily available.

Almost all process stalls or delays stem from poor planning and/or failure of initiating early engagement for all procurement professionals and stakeholders in the respective sourcing concept development. The desired appraisal phases on procurement methods and corresponding lead-times then become unrealistic. According to Smith-Deighton, (2004), processes that are not sensitive to the provisions set in any procurement strategy document, or those that fail to embrace and appreciate the role of a strategy within the supply chain, cannot integrate systems that support all operations-desired within the

chain. The net effect is inefficiency and zero effectiveness. The sustainability criteria within functional buying units then become a mirage. These departments can take decades to recover or re-design their buying processes.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The chapter took the researcher through the methodology to be used in carrying out the study and collecting data on questions relevant to the study objectives. The later sections of the chapter presented a model that was adopted to explain causation between the independent and dependent variables; linking the conceptual framework as presented in the literature review section. The methodology employed a mix of quantitative and qualitative techniques.

3.2 Research Design-Methodology

The Research design provides a blueprint for collection, measurement and analysis of data (Schindler, 2006). The study employed a descriptive research design which that facilitate data collection with the aim of providing answers on the status for the phenomena under study (Mugenda and Mugenda, 2006). The study involved various activities; from a survey that enumerates on the status quo to a regression analysis on variables, using descriptive statistics to explain information or data using numbers.

3.3 Population

The target population of this study were all the buying officers in the 47 County Governments in Kenya. This study carried out a census since the population is relatively small.

3.4 Data Collection

The study will be employed questionnaires (Mugenda & Mugenda, 2004) to obtain information about the phenomenon under study from the sample. The questionnaire was designed to have both closed and open questions to address the study's specific objectives. The open-ended questions targeted respondent suggestions on program implementation strategies and best ways to improve public procurement processes at the county buying sections. The closed questions adopted a 5 (Likert) scale (1- "strongly disagree" 2-"disagree", 3-"neutral", 4-"agree" and 5-"strongly agree"); enumerating on how implementation of procurement strategies and availability of resources impacted on the operational performance of devolved county units.

3.5 Data Analysis

To answer to the specific study objectives; the data collected must be processed, analyzed and presented as per study design (Kothari, 2009). Upon data collection from the study sample; the questionnaires were cleaned, coded and edited to achieve the desired accuracy, completeness and uniformity. The data was analyzed using SPSS 24. The data collected was analyzed using inferential and descriptive statistics to gain better

understanding of causation between variables. The study findings were presented using tables, graphs and charts and adopted a multivariate regression model to explain causation between the independent variable and dependent variable as bellow;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \mu$$

Where; Y = Operational performance

X_1 = Corporate governance

X_2 = Capacity building

X_3 = Financial resource availability

X_4 = ICT

β_0 = was the constant term in the model with β_i ; $i = 1, 2 \dots, 4$ being coefficients used to measure the sensitivity of the depended variable (Y) to unit changes in the explanatory variables. μ = the error term; taking care of unexplained variations in the model.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction`

This section provides findings from the analysis of reactions and responses from the survey activities. The chapter therefore presents an analysis of data and presentation of findings as per the stated objective.

4.2 Response Rate

84 out of the targeted 94 respondents completed and returned the online questionnaires making a response rate of 89.36%. The response rate is significant enough to validate the derived conclusions for the study. Mugenda & Mugenda (2008) argues that a response rate of 50% is sufficient for analysis and reporting; a rate of 60 percent is good and a response rate of 70% and over is exceptional.

Table 4.2: Response Rate

	Frequency	Percentage (%)
Returned Questionnaires	84	89.4
Unreturned Questionnaire	10	10.6
Total	94	100.0

Source: Researcher Data (2018)

4.3 Validity and Reliability Analysis

The study used Cronbach's Alpha in evaluating internal consistency and validating the tool used in data collection. Corporate governance had a score of 0.831; Capacity Building had 0.827; Financial Resource Availability had 0.796 and ICT had 0.761. All the four scales had scores above the level of 0.7 hence very reliable.

Table 4.3: Reliability Coefficients

Scale	Cronbach's Alpha	Number of items
Governance	0.831	4
Capacity Building	0.827	4
Financial Resource Availability	0.796	4
ICT	0.761	4

Source: Researcher Data (2018)

4.4: Demographic information

4.4.1 Gender of the respondents

58% of the respondents were male while 42% were female. The differential between the male and female respondents was not significant enough to qualify gender bias on investigating the effect of public procurement on operational performance of Kenyan county governments.

Table 4.4: Gender of the respondents

	Frequency	Percentage (%)
Male	49	58.3
Female	35	41.7
Total	84	100.0

Source: Researcher Data (2018)

4.4.2 Highest Level of Education

Most respondents (52, 61.9%) had a master's degree, 21.4% of the respondents had a doctorate while 15.5% of the respondent ticked that their highest education level was a bachelor's degree. One respondent (1.2%) indicated that his/her highest level of education was a college Diploma. All respondents had a high school certificate thus had the necessary qualification to carry out roles in public procurement.

Table 4.5: Highest Level of Education

	Frequency	Percentage (%)
High School	0	0.0
Diploma	1	1.2
Undergraduate	13	15.5
Masters	52	61.9
PhD	18	21.4
Total	84	100.0

Source: Researcher Data (2018)

4.4.3 Working Experience

52.4% of the respondents had work experience above 10 years; 39.3% had worked for a range of 5 to 10 years. 8.3% had a range of 2 year to 5 years' work experience. None of the respondents had experience below a year.

Table 4.6: Working Experience

	Frequency	Percentage (%)
Below 1 year	0	0.0
2-5 years	7	8.3
5-10 years	33	39.3
Above 10 years	44	52.4
Total	84	100.0

Source: Researcher Data (2018)

4.4.4 Form of Training

76.2% indicated that their training was formal- through coursework and project or thesis submission in universities and colleges. 23.8% benefited from on the job training manuals and workshops.

Table 4.7: Form of Training

	Frequency	Percentage (%)
Formal Training	64	76.2
On Job Training	20	23.8
Total	84	100.0

Source: Researcher Data (2018)

4.5 Public Procurement and Operational Performance

The study objective was on the association between public procurement and operational performance. The study required the respondents to indicate how the various attributes of public procurement affected operational performance. The findings are presented in form of average score form respondents

4.5.1 Corporate Governance and Operational Performance

On various aspects that define corporate governance and evaluating their respective impact on operational performance; All the listed factors on corporate governance had a mean score of above 3.5 with standard deviation below 1.19. Notably; separation of key functions within an organization had the highest mean score of 4.52. While the standard deviations present data that is too perfect because they are all below 0.8; the study findings point to a very strong causation between corporate governance and operational efficacy.

The table 4.8 below shows the findings of from the respondents.

Table 4.8: Corporate Governance and Operational Performance

Observation	Mean	Std. Deviation
Separation of key functions contributes to professionalism, accountability and an efficient procurement system	4.52	0.458
Senior management must assume a leading role towards excellence	4.32	0.845
Appropriate actions should be employed for non-performance and non-compliance to procurement ethical code of conduct.	4.15	0.325
Conducting adequate inspection of goods, works and services from suppliers to ensure value for money spent.	4.03	0.306
Availing justification and explanation of procurement results to both internal and external auditors.	4.02	0.346
Slanting product specification to limit competition and prejudice supplier qualification decisions.	3.99	0.411
Ambiguity in the public procurement procedures may result in dubious tendering and supplier discrimination.	3.98	0.716
Awarding public tenders equitably without discrimination to the most responsive bidders.	3.87	0.416

Source: Research Data (2018)

4.5.2 Capacity Building and Operational Performance

Reporting on study findings on the relationship between capacity building and operational performance. All organizational processes and procedures that are set to enhance capacity had a mean score above 3.8 with standard deviations below 1.19. Most

employed recognized the importance of capacity building in meeting the desired levels of effectiveness and efficiency within the procurement function.

The results are shown in the table 4.9 below.

Table 4.9: Capacity Building and Operational Performance

Observation	Mean	Std. Deviation
Training is needed for cooperation in working with the private sector.	4.79	0.109
Procurement staffs not effectively knowledgeable on the procurement laws.	4.33	0.483
Members of procurement committee don't possess adequate competencies to implement the reform process.	4.26	0.212
Insufficient training to improve professionalization of public procurement outcomes.	3.98	0.791

Source: Researcher Data (2018)

4.5.3 Financial Resource Availability and Operational Performance

The study sought to establish the relationship between financial resource availability and operational performance. Descriptive statistics point to respondent's belief that financial resource availability has an influence on operational performance in the County Governments. All calculated means on aspects of resource availability and the relationship with operational performance were above 4.00. A case on supplier payment delays leading to non-collaborative relationship had a mean of 4.57. The standard deviations were well below 1.19

The results are shown in the table 4.10 below.

Table 4.10: Financial Resource Availability and operational performance

Observation	Mean	Std. Deviation
Supplier payments delays leading to non-collaborative relationship	4.57	0.394
Procurement department is sufficiently financed	4.35	0.94
Value for money is realized for funds spend on various projects.	4.25	0.58
Inadequately drafted procurement and disposal plan performance of the procurement function	4.1	0.87
Price overrun of various contracts interferes with the target budget.	3.99	0.482
Delays in budget authorization by the finance department to enable procurement functions.	3.96	1.85

Source: Research Data (2018)

4.5.4 Information and Communication Technology (ICT) and Operational Performance

The findings pointed to positive causation trends between modules in ICT and efficiency. All tracked indicators had a 3.99 and above – average score from the responses. ICT has a significant influence on operational performance of the County Government. On this, the standard deviations of the responses were also below the 1.19 threshold. It was inferred that the causation between ICT and operational efficiency was significant.

The table 4.11 below shows the findings from the respondents.

Table 4.11: Information and Communication technology (ICT) and Operational Performance

Observation	Mean	Std. Deviation
Adopting ICT in public bodies is intended to promote collaborations with other entities.	4.61	0.433
Adopting ICT enable County Governments overcome today's procurement challenges	4.12	0.444
Adopting ICT can tackle concerns and challenges raised around contracting.	4.03	0.355
Adopting ICT in enable County Governments is intended to speed up the procurement practices.	3.99	0.726

Source: Research Data (2018)

4.5.5 Operational Performance of County Governments in Kenya

The study established the extent public procurement has influenced operational performance in the County Governments in Kenya. The study identified a few objectives and scored them; with the aim of qualifying operational efficiency. These were perceived to be the key indicators that would measure efficiency given operation of public procurement. All response score averaged 3.5 with low standard deviations; strongly associating proper working of the public procurement function within the counties to operational efficiency.

The table 4.12 below shows the findings from the respondents.

Table 4.12: Operational Performance of County Governments in Kenya

Observation	Mean	Std. Deviation
Improved operation efficiency	4.31	0.012
Better quality of supplied product	4.11	0.794
Improved Vendor-Buyer relationship	4.03	0.383
Improved resource utilization	4.02	0.345
Reduction in operational cost	3.98	0.446
Reduction in procurement process time	3.77	0.781

Source: Research Data (2018)

4.6 Correlation Analysis

The study used correlation analysis to establish the association between corporate governance, capacity building, financial resource availability, ICT and operational performance. Two-tailed Pearson correlation (R) was used to establish the same at 95% confidence level. From the results, a strong positive the R-value 0.722 was established between corporate governance and operational performance. Capacity building and operational performance had a correlation value of 0.681. This depicts a moderate and linear relationship between financial resource availability and operational performance. Also noted was that Financial Resource Availability had a correlation value of .572 which indicated a significant, positive and linear relationship with operational

performance. The study also noted that Information and Communication Technology had a correlation value of .516 with operational performance. This depicts a positive linear relationship between the predictor variable and operational performance of County Governments in Kenya.

Table 4.13: Correlation Matrix

		Corporate Governance Practices	Capacity Building	Financial Resource Availability	ICT	Operational Performance
Corporate Governance	Pearson Correlation	1				
	Sig. (2-tailed)	.				
Capacity Building	Pearson Correlation	0.561	1			
	Sig. (2-tailed)	0.002	.			
Financial Resource Availability	Pearson Correlation	0.891	0.358	1		
	Sig. (2-tailed)	0.019	0.032	.		
ICT	Pearson Correlation	0.092	0.673	0.147	1	
	Sig. (2-tailed)	0.862	0.143	0.781	.	
Operational Performance	Pearson Correlation	0.722	0.681	0.572	0.516	1
	Sig. (2-tailed)	0.013	0.001	0.008	0.005	.
	N	84	84	84	84	84

Source: Research Data (2018)

4.7 Multicollinearity

The correlation among the independent variables was established by undertaking Multicollinearity tests. Multicollinearity influences the regression model in that if the variables have Multicollinearity, then the regression coefficients will be replicated. The variance inflation factor (VIF) was employed to test multicollinearity in the study. For tolerance, value less than 0.1 suggest multicollinearity while values of VIF that exceed 10 are often considered as depicting multicollinearity. The findings showed lack of multicollinearity among independent variables as the tolerance values were less than 1.0 and VIF were less than 10.

Table 4.14: Collinearity Statistics

	Tolerance	VIF
Corporate Governance	0.993	1.007
Financial resource availability	0.893	1.120
Capacity Building	0.671	1.490
ICT	0.621	1.610

Source: Research Data (2018)

4.8 Regression Analysis

The study conducted multiple regression analysis of:

$$Y = \beta_0 + \beta_1\chi_1 + \beta_2\chi_2 + \beta_3\chi_3 + \beta_4\chi_4 + \varepsilon$$

β_0 is the model constant; $\beta_1 - \beta_4$ are the regression coefficients. Y is operational performance. χ_1 is corporate governance, χ_2 is capacity building; χ_3 is financial resource availability; χ_4 is ICT, and ε is the error term obtained from the F-significance from ANOVA.

The following regression model was established

$$Y = 4.946 + 0.456 * X_1 + 0.842 * X_2 + 0.873 * X_3 + 0.345 * X_4$$

These results are corroborated by the t/z value which are all higher than 1.96, the critical value at less than 5% significant.

Table 4.15: Regression Coefficient.

	Unstandardized Coefficients		Standardized Coefficients	T	Sig. (P-value)
	B	Std. Error	Beta		
(Constant)	4.946	1.355		1.500	0.574
Corporate Governance (X ₁)	0.456	0.209	1.634	8.901	0.002
Capacity Building (X ₂)	0.842	0.062	0.927	3.335	0.007
Financial Resource Availability (X ₃)	0.873	0.149	1.388	3.566	0.005
ICT (X ₄)	0.345	0.058	0.992	2.994	0.012

Table 4.16 below presents the regression model goodness of fit to establish if regression analysis is suited for the data.

Table 4.16: Model Goodness of Fit

R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
0.877	0.769	0.732	0.00455456	1.989

The ANOVA statistics presented in Table 4.17 was used to present the regression model significance.

Table 4.17: Analysis of Variance (ANOVA)

	Sum of Squares	Df	Mean Square	F	Sig.
Regression	2.368	4	0.592	2.655	0.001
Residual	17.617	79	0.223		
Total	19.985	83			

Source: Research Data (2018)

An F-significance value of 2.655 which was greater than the F critical of 2.45 was established depicting that the regression model is statistically significance. This is corroborated by the P value of 0.1% which is below the 5% indicating the model is suitable for predictive purposes.

4.9 Challenges of Implementation of Public Procurement Reforms in Kenya

The study also sought to establish the challenging issues inhibiting the County Governments in their efforts of implementing public procurement reforms. From the analysis of the descriptive statistics, it was noted that there were some challenges faced in the implementation of public procurement reforms. For instance, it was noted that most

of the respondents to a greater extent confirmed that there is a challenge in the public procurement reforms to getting counties to focus on implementing a standard procurement law and system. This was depicted by high mean of 4.44. The standard deviation of .221 implies the responses were clustered around the mean response. The respondents also agreed that ensuring fair competition for all qualified bidders is a constraint to effective implementation of procurement practice in Kenya. The inference was evidenced by a 4.27 mean. Also noted was that most respondents agreed that in complying to the principles of the procurement act, public institutions are faced with many hurdles and the procurement principles is not an exception. This is confirmed by the mean value on the statement of 4.13. The standard deviation of 0.164 denoted little variation from mean. Also noted from the descriptive statistics is that majority of the respondents conceded that supporting the development of information and communication materials which communicate research results to the procurement and public administration professionals is a constraint to effective implementation of procurement reforms. Evidenced to this was the mean calculated of 4.04. The standard deviation calculated of less 1.5 inferred consistency in the responses provided. It was identified that majority of the respondents also approved that most suppliers and contractors are not kind on adverts on procurement. This was also inferred by the mean calculated of 3.92. The standard deviation calculated of .321 showed little deviation from mean mark.

The table 4.12 below shows the findings from the respondents.

Table 4.18: Challenges in implementation of public procurement

Observation	Mean	Std. Deviation
There is a challenge in the public procurement reforms to getting counties to focus on implementing a standard procurement law and system.	4.44	0.221
Ensuring fair competition for all qualified bidders is a constraint to effective implementation of procurement reforms in Kenya.	4.27	0.594
In adhering to the principles of public procurement, public institutions are faced with many challenges and procurement practice is no exception.	4.13	0.164
Supporting the development of information and communication materials which communicate research results to the procurement and administration profession is a constraint to effective implementation of procurement reforms.	4.04	0.336
Most suppliers and contractors do not look for adverts on procurement	3.92	0.321

Source: Research Data (2018)

4.10 Discussion of Findings

The results of the findings show that, corporate governance, financial resource availability, capacity building and ICT had influence on operational performance of the County Governments in Kenya. This means that if all these predictor variables are well addressed, will lead to efficient operational performance. This conforms with Moncska et al (2010) study which held that measures that provide direction that staffs follow in performing their daily undertakings, inhibits efforts that helps the procurement function achieve its strategic objectives.

The result of the findings established capacity building to have a significant influence on operational performance of the County governments. Staff competence, training and workshops are significant in operational performance meaning that efficient and effective procurement performance. Nwabuzor, (2008) affirmed poverty as the main cause of corruption, lack of trainings and also weak enforcement of law. Disbursing funds early or on time to the Counties will enable efficient operational performance. Embracing ICT in the procurement processes will also increase efficiency in procurement. The study further concludes that adequate planning and planning in a participatory manner contributes to Counties' efficiency and effectiveness. Pidaparathi, (2006) established that lack of knowledge on the required procedures, laws and practices was a major challenge that was faced by the procurement processes in the organizations.

The findings established that delays in supplier payments leads to non-collaborative associations. Also deduced from the findings was that price variations of different contracts being not in line with the planned procurement budget. The Resource Based View perspective opines that sustained competitive advantage accrues unique combination of resources as the main firm's business (Barney 2010; Corner and Prahalad, 2007). Public procurement units have always faced contests enforced on them by a variety of macro aspects interfering in the government procurement process (PPOA, 2007).

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This section looks at the summary of findings, conclusions, recommendations, limitations, areas for further research. The objective of the study was to establish the extent of public procurement on operational performance in County Governments in Kenya and to establish the challenges facing implementation in Kenyan County Governments.

5.2 Summary of Findings

The study sample size was ninety-four respondents from the procurement and supply chain management departments in the County governments from which eighty-four completed and returned the questionnaires making a response rate of 89%. A satisfactory response rate to make conclusions for the study. From the findings, it was construed that most of the respondents sixty one point nine percent indicated that they had a masters degree. Fifty two percent indicated to have worked for a period of over ten years. It was also established from the demographics that onjob training was provided to the County Government employees.

From the descriptive analysis, it was established that professionalism, accountability and an efficient procurement system was achieved through separation of key functions. This was supported by the mean value calculated. Majority of the respondents also construed that actions needs to be taken for going against established ethical codes of conduct, this was also implicated from the high mean value derived from the analysis. The standard deviation obtained reveals that the responses were clustered around the mean response.

It was observed that most respondents indicated that training is needed for cooperation in working with the private sector. This was corroborated by the mean value from the results while the standard deviation depicted that most of the respondents agreed on the same. It was clear from the descriptive statistics that a relationship between corporate governance, capacity building, financial resource availability, ICT and operational performance.

From the regression analysis, The R value established depicted that corporate governance, ICT, capacity building and financial resource availability had a very good linear relationship with Operational Performance. The R-square value depicted that the relationship was very strong and the predictor variable account for seventy seven percent of operational performance of County governments in Kenya.

5.3 Conclusion

Based on the findings, the study determines that financial resource availability, corporate governance, ICT and capacity building have a significant influence on operational performance Kenyan county governments. It was concluded that effective management is the leading preventative mechanism that promotes accountability and transparency, promotes oversight thus preventing corruption. It was also established that Ambiguity in the public procurement procedures may result in dubious tendering and supplier discrimination, Professionalism, accountability leading to efficiency in the procurement process is achieved through separation of key functions and also ensuring adequate inspection of deliverables from suppliers to ensure value for money spent.

Also inferred from the findings was that delays in payment of suppliers in non-collaborative relationship.

It was deduced that installation of ICT in public entities procurement seeks to benefit three key stakeholders: First and foremost, the public requires easy access to accurate information on matters related to public procurement, secondly, the government purchasers needs more efficient, effective and less bureaucratic procurement processes. Besides that, public entities are keen on the use of systems to restore public trust on the part of public sector spending going to procurement of commodities.

5.4 Recommendations

Based on the above conclusions, the recommendations made by the study include; this research suggests that county governments must focus on corporate governance, financial resource availability, ICT and capacity building to improve operational performance of the County Governments. It is the recommendation of this study there ought to be adaptation of the appropriate Information and Communications Technologies (ICT) in the County Governments in Kenya necessary for successful operational performance.

5.5: Limitations of the Study

The objectives of the research were achieved but with various limitations. Due to the different scope of operations among the different counties such as the capital base, varying products, level of technology adopted, experience of the staff employed and varying missions, visions and objectives the results cannot be treated to be a hundred percent conclusive

Because of the confidentiality policy of some counties, the respondents did not answer the questionnaires or failed to give all the required information without approval from the legal department. Other counties were completely not reachable. This explains why the researcher was only able to receive 89.4 % response rate. The research only focused on the county governments and ignored other state agencies where public procurement is a key practice. This could have left out important information that is vital for the study.

5.6 Recommendations for Further Research

The research concentrated on corporate governance, financial resource availability, capacity building, and ICT on operational performance. From the results, it was noted that there were other aspects affecting operational performance of County Governments. Future researchers could investigate the factors affecting procurement process and factors affecting the tendering process. Additionally researcher concentrated on the County Governments, future researchers can try to look at the private sector and state corporations.

REFERENCES

- Adner, R. and Helfat C. (2003). Corporate Effects and Dynamic Managerial
- Aketch, J.M.M. (2005), Development partners and governance of public procurement in Kenya: *Enhancing democracy in the administration of Aid*. International and Commentary, London: Routledge.
- Arminas, D. (2013), "Hidden dangers in global advance", *Supply Management*, 7 (10), 14-15.
- Atkinson, W. (2003), New buying tools present different ethical challenges", *Purchasing*, 132 (4), 27-30
- Atkinson, W. (2003). New Buying Tools Present Different Ethical Challenges.
- Azeem, V. (2009), "Impact of the public procurement Act, 2003 in Ghana Integrity Initiative's
- Barrett. P. (2012), "Balancing accountability and efficiency in a more competitive public sector environment", *Australian journal of public Administration*,
- Basheka, B.C. & BIsangabasiija, E. (2010), Determinants of unethical public procurement in local government system of Uganda: a case study. *International Journal Procurement management*, 3(1), 91-104.
- Bastedo, M. (2004, August). Strategic Decoupling, Building Legitimacy in Benchmarking: *International Journal*, 12(4), 89-92
- Brynjolfsson, E., Smith, M. (2012), "Frictionless commerce? A comparison of internet and conventional retailers", *Management Science*, (46) 4, 563-85

- Callendar, C. and McHen, H. (Eds), 149-159. Public Procurement: International Case Capabilities, *Strategic Management Journal*, 24, 1011-1025.
- Chopra, S., Dougan, D., Taylor, G. (2010), "B2B E-commerce opportunities", *Supply chain Management Review*, 5 (3), 50-62. competitive Public Sector Environment. Australian Journal of Public
- Danneels, E. (2002). The Dynamics of Product Innovation and Firm Competences.
- De Boer, L. and Telgen, J. (2012), 'Purchasing Practice in Dutch Municipality' *International journal of Purchasing and Material Management*, 34,(2), 31-36.
- Eyaa, S. and Oluka, P. (2011). Explaining non-compliance in public procurement in Uganda. *International Journal of business and social Sciences*, 2(11).
- Forger E.S. (2010) proposed amendments to make procurement flexible: *the practical experiences of district chief executives with respect to the implementation of the public procurement law*, Decentralization Agenda, 3rd March 2007, 1-3.
- Gordon, S. B., Zemansky, S. D., & Sekwat, A. (2000). The Public Purchasing
- Government of Kenya. (2006), *The Public Procurement and Disposal Act*, 2005. Nairobi Government printer.
- Government of Uganda. (2006), *Final Report of the National Public Procurement Integrity Baseline Survey*, Government of Uganda, Kampala.
- Heneghan, J. & O' Donnell, D. (2007), Governance, compliance and legal enforcement: evaluating a recent Irish initiative, *Corporate governance*, 7(1), <http://www.google.com>

- Hui, W. S., Othman, R.O., Norman, o., Ranman, R.A. & Haron, N.H. (2011). Procurement issues in Malaysia. *International journal of public sector Management*, 24(6), 567-593.
- Hunja, R.(2011), “*Obstacles to public procurement reform in developing countries*”. In S. Arrowsmith and M. Trybus (Eds.), *Public Procurement: the continuing revolution* pp.13-22. Dordrecht, the Netherlands: Kluwer Law International.
- Maiyo, S.A.I. (2009), Public procurement and corruption in Bangladesh. Confronting the challenges and opportunities. *Journal of public administration and policy research*, 2(6), 103-111.
- Mokaya. S. (2013). *Transparency in Government Procurement: the objectives of*
- Mugenda, O.M., Mugenda, A.G. (2006), *Research methods: quantitative and qualitative approaches*. Nairobi, Acts Press.
- Mukinda, K. (2014). *Value for Money*. Summit, 9, 20. Bray, R. (2001). *Private*
- Neef, D. (2011), *E-procurement from strategy to implementation*, financial times Prentice Hall, Harlow.
- Nkinga, A. (2003), “corruption and development: New initiatives in economic openness and strengthened rule of law”, *journal of business Ethics*, 59(1), 121-38.
- Raymond, W.C (2008), *Accountability and responsibility in organizations: The Ethics of Discretion*. *Public policy in administration*, 13, 39-48.

- Republic of Kenya, (2006), Final report of the National public procurement integrity baseline survey, Government of Kenya, Nairobi. Review, 28(1), 71-88.
- Roodhooft, F. & Abbeele, A.V.D. (2011), Public procurement of consulting services Evidence and comparison with private companies. *International journal of public sector management*, 19(5), 490-512.
- Tandoor, K.R., Koehn, E.E. (2012), “Construction and corruption in developing regions”, AACE, *International Transactions*, 68-71. The American Sociological Association, San Francisco, CA, 14-17.
- Walker, A. & Moussau, A.V (2008). Benchmarking in Public Sector Organisations.
- World Bank Report (2010). Balancing Accountability and Efficiency in a More World Trade, 37(2), 283.

APPENDIX I: SAMPLE QUESTIONNAIRE

SECTION A: GENERAL INFORMATION

1. Gender: Kindly tick where appropriate

Male [] Female []

2. Highest level of education

PHD [] Masters []

Under Graduate [] Diploma []

High School [] any other

Indicate.....

3. Working experience

Below 1 year [] 2-5 years []

5-10 Years [] above 10 Years []

4. Indicate the form of training

Formal training [] on job training []

SECTION B: CORPORATE GOVERNANCE

1. To what extent does corporate governance influence effective implementation of public procurement reforms at County Governments?

Very great extent [] Great extent []

Moderate extent []

Little extent []

Not at all []

To what extent do you agree on the following statements on corporate governance practices and their influence in performance? Use a scale of 1-5 where: (1. represented “strongly disagree” 2 represented “disagree”, 3 represented “neutral”, 4 represented “agree” and five represented “strongly agree”)

	1	2	3	4	5
Senior management must assume a leading role towards excellence					
Ambiguity in the public procurement procedures may result in dubious tendering and supplier discrimination.					
Separation of key functions contributes to professionalism, accountability and an efficient procurement system					
Appropriate actions should be employed for non-performance and non-compliance to procurement ethical code of conduct.					
Availing justification and explanation of procurement results to both internal and external auditors.					
Awarding public tenders equitably without discrimination to the most responsive bidders.					
Conducting adequate inspection of goods, works and services from suppliers to ensure value for money spent.					
Slanting product specification to limit competition and prejudice supplier qualification decisions.					

SECTION C CAPACITY BUILDING

2. To what extent does capacity building influence effective reforms implementation at County governments in Kenya?

- Very great extent [] Great extent []
- Moderate extent [] Little extent []

To what extent do you agree or disagree on the following statements on capacity building practices and their influence in performance? Use a scale of 1-5 where: (1. represented “strongly disagree” 2 represented “disagree”, 3 represented “neutral”, 4 represented “agree” and five represented “strongly agree”

Members of implementation committee don't possess adequate competences to handle the reform process.					
Procurement workforce not adequately educated on the procurement laws.					
Inadequate training programs to enhance professionalization of public procurement results in high turnover					
Training is needed for cooperation in working with the private sector.					

3. In your own views, how else does staff training influence effective implementation of public procurement and disposal act 2005 reforms at County governments in Kenya

.....

.....

.....

.....

PART D FINANCIAL RESOURCE AVAILABILITY

4. Does financial resource availability influence effective implementation of public procurement reforms at County governments in Kenya?

Yes [] No []

To what extent do you agree on the following statements on financial resource availability and their influence in performance? Use a scale of 1-5 where: Use a scale of 1-5 where: (1. represented “strongly disagree” 2 represented “disagree”, 3 represented “neutral”, 4 represented “agree” and five represented “strongly agree”

	1	2	3	4	5
Procurement department is sufficiently financed					
Value for money is realized for funds spend on various projects.					
Inadequately drafted procurement and disposal plan performance of the procurement function					
There are delays on budget approval by the finance committee to facilitate procurement functions.					
Delays in supplier payments results in non-collaborative relationship					
Price overrun of various contracts interferes with the target budget.					

PART E: INFORMATION AND COMMUNICATION TECHNOLOGY

5. To what extent does information communication technology influence effective implementation of public procurement reforms at County governments in Kenya?

- Very great extent [] Great extent []
- Moderate extent [] Little extent []
- Not at all []

To what extent do you agree on the following statements on ICT practices and their influence in performance? Use a scale of 1-5 where: (1. represented “strongly disagree” 2 represented “disagree”, 3 represented “neutral”, 4 represented “agree” and five represented “strongly agree”

	1	2	3	4	5
Adopting ICT enable County Governments overcome today’s procurement challenges					
ICT in public procurement is intended to speed up the procurement process					
Adoption of ICT in public entities is intended to foster collaborations					
E- Procurement can address issues such as little attention to contract management.					

6. In your own opinion, how else does ICT affect procurement reform implementation at County Governments?

.....

.....

.....

PART F: OPERATIONAL PERFORMANCE

To what extent has public procurement influenced operational performance in the County Governments in Kenya? Tick as appropriate using the following Likert scale of 1-5 where: 1= No Extent; 2= Little Extent; 3= Moderate Extent; 4= Great Extent; 5=Very Great Extent

	1	2	3	4	5
Improved operation efficiency					
Improved Vendor-Buyer relationship					
Better quality of supplied product					
Reduction in operational cost					
Improved resource utilization					
Reduction in procurement process time					
Reduction of errors in order transmission					

PART G: CHALLENGES OF EFFECTIVE IMPLEMENTATION OF PUBLIC PROCUREMENT REFORMS IN KENYA.

7. To what extent do challenges in public procurement influence effective implementation of public procurement reforms at County governments in Kenya?

- Very great extent [] Great extent []
- Moderate extent [] Little extent []
- Not at all []

8. To what extent do you agree with the following constraints on public procurement reforms implementation? Use a scale of 1-5 where: (1-Very great extent; 2-great extent; 3-Neutral; 4-Little extent 5- No extent).

Challenges of effective public procurement implementation	1	2	3	4	5
There is a challenge in the public procurement reforms to getting counties to focus on implementing a standard procurement law and system.					
In adhering to the dictates of the Act, public sector institutions are often confronted with some challenges and procurement Act is no exception.					
Ensuring fair competition for all qualified bidders is a constraint to effective implementation of procurement reforms in Kenya.					
Developing and sponsoring publications which communicate research results and technical information to the public procurement and public administration profession is a constraint to effective implementation of procurement reforms.					
Most suppliers and contractors do not look for adverts on procurement					

THANK YOU.

APPENDIX II: LIST OF COUNTY GOVERNMENTS

1. Baringo County
2. Bomet County
3. Bungoma County
4. Busia County
5. Elgeyo Marakwet County
6. Embu County
7. Garissa County
8. Homa Bay County
9. Isiolo County
10. Kajiado County
11. Kakamega County
12. Kericho County
13. Kiambu County
14. Kilifi County
15. Kirinyaga County

16. Kisii County
17. Kisumu County
18. Kitui County
19. Kwale County
20. Laikipia County
21. Lamu County
22. Machakos County
23. Makueni County
24. Mandera County
25. Meru County
26. Migori County
27. Marsabit County
28. Mombasa County
29. Muranga County
30. Nairobi County
31. Nakuru County
32. Nandi County

33. Narok County
34. Nyamira County
35. Nyandarua County
36. Nyeri County
37. Samburu County
38. Siaya County
39. Taita Taveta County
40. Tana River County
41. Tharaka Nithi County
42. Trans Nzoia County
43. Turkana County
44. Uasin Gishu County
45. Vihiga County
46. Wajir County
47. West Pokot County