

**PUBLIC PROCUREMENT REGULATIONS AND PROCUREMENT  
PERFORMANCE IN NAIROBI COUNTY**

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**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE  
REQUIREMENTS FOR THE AWARD OF MASTER OF BUSINESS  
ADMINISTRATION (MBA) SCHOOL OF BUSINESS, UNIVERSITY OF  
NAIROBI**

**2016**

## DECLARATION

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

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## **DEDICATION**

This project is dedicated to my parents Obadiah and Rose Munyao who went to great lengths by encouraging and supporting the inculcation of the ethos of academic achievement. My only sister Faith Munywoki, brothers Manases Munywoki, Japheth Munywoki, Jairus Munywoki and Eric Munywoki. To my late Brother Matthew Munywoki, Rest In Peace. To my daughter Lisa Mumbua and sons Levi Muuo and Lemuel Mumo for the time not spent with them while undertaking this study. To my husband Davis Ndavi, my utmost appreciation for the love and support.

## **ACKNOWLEDGEMENT**

First, I wish to thank the almighty God for the good health and grace that enabled me go through my studies without which it could have been impossible. Secondly, I sincerely wish to acknowledge the support from my supervisors. Ernest Akello and Mrs. Salome Kinyua, without whom I could not have gone this far with my project work. To the University of Nairobi for offering me the opportunity to study and all my lecturers who contributed in one way or another in acquiring invaluable skills and knowledge, I owe you my gratitude.

I owe a great deal of gratitude to my family members for their unfailing moral support throughout my period of study and for understanding and appreciating the demand of the course. I cannot forget the positive influence of my classmates as a source of inspiration throughout my study and for assisting me in sourcing for information and materials for this project. To you all, God bless.

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## ABSTRACT

With the advancement of technology and business activities, the economic state has become unstable. The need for government to be competitive in the global market place cannot be ignored. The government is under intense pressure from citizens for services that meet high service levels standards. The global marketplace is described by steep competition and devising mechanisms to reduce costs while increasing organizational performance. In this study, Public Procurement Regulations are examined on a recurrent basis to promote efficiency in procurement process. The government purchasing is more involving procedure consisting of a variety of phases with different sets of regulations governing those phases the aim of this study was to establish the effects of implementation of public procurement regulations and procurement performance in County Governments. Its objectives were to establish the impact of implementation of public procurement regulation and procurement performance in Nairobi county and to investigate the challenges facing affecting the implementation of public procurement regulations at Nairobi County. Descriptive survey research design was employed in this study in examining the effects of public procurement regulations in Nairobi County. The descriptive survey design method is appropriate and suitable in determining how internal factors influence procurement performance in the study area. The targeted population of the study was 44 respondents comprising of procurement units within Nairobi County which have ten sartorial Heads and 17 Sub County with 2 individuals each. Census sampling was employed to choose 44 respondents. Data was collected using questionnaires. Descriptive statistics in terms of frequency distributions and percentages were used to summarize essential features of the data in the study. Factor analysis was used to rank the effects of public procurement regulations on procurement efficiency in county governments. The study findings indicated that level of awareness contributes to 97.5% compliance to public procurement legislation in the public sector. Staff training contributes 95.9% while top management commitment contributes to 92.1%. A proportion of 92% in public procurement legislation compliance is accounted for by ICT and information systems. The study concluded that all the study variables namely, staff training, top management commitment, ICT and information systems, level of awareness, ethics and institutional factors influence compliance with the public procurement regulations. Therefore, it was recommended that training and seminars should be employed within the public sector to ensure compliance with the public procurement legislations. Further research was suggested to investigate the causes of high level of, misappropriation of public funds even after enactment of Public Procurement Act.

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Background of the Study**

The advancement of technology and growth of business activities has led to the economic state to become unstable. The need for government to be competitive in the global market place cannot be ignored. The government is under intense pressure from citizens to provide high standard and quality services. The global marketplace is described by steep competition and a continuous search for new and innovative ways to minimize costs and offer improved performance. In this study, Public procurement regulations are examined on a recurrent basis to promote efficiency in procurement process. The government purchasing is more involving procedure consisting of a variety of phases with different sets of regulations governing those phases (Rahman, 2014). As compared to the private sector, public agencies would not enter into contracts with other parties when and how they prefer. There are specific regulatory frameworks for the government to abide by with respect to when, how, and with whom to enter into contracts (Blenkinsopp, 2011). Public procurement regulations are different according to different jurisdictions, in systems operating under the rule of law, they share major governing principles such as transparency, competition and accountability (Anderson, 2011).

Leenders and Fearon (2002) concluded that the whole procurement process should be well understood by all the stakeholders as well as professional and academic entities. Procurement officers in the public sector manage institutions created and administered by a sophisticated array of statutes, regulations, policies, and directives. Therefore, due to high political and public expectations they operate in an environment of increasingly accelerated changes being driven by technology and program review. Some of the factors which influence compliance with public procurement legislation include Staff training, information communication, and technology, awareness in the provision of public procurement laws, ethics and compliance in procurement regulations, institutional factors, accountability and internal processes. These pooled end result into rising institutional density and risks. However, Ngongo (2008) observes that millions of dollars are drained by ineffective and inefficient policies, structures, policies and failure to formulate procurement rules hence poor service delivery.

### **1.1.1 Public Procurement Regulations**

The Procurement and Asset Disposal Act of 2015 was officiated on January 2016. The aim of this legislation was to instil guidelines regarding procurement and disposal of equipment's regarded as old, unusable and excess stores by the public firms so as to manage public funds efficiently. The Procurement and Asset Disposal act has contains 11 parts. Part II spells out the establishment of agents to take care of public procurement. These bodies include; Public Procurement Administrative Review Board, The Public Procurement Oversight Authority (PPOA) and Public Procurement Oversight Advisory Board.

PPOA is mandated to ensure public firms comply with the stipulated procurement procedures. Its functions include; authorizing the revenue estimates and expenses prepared by PPOA as well as well as commenting the appointment of the Director General or his termination of service. Part III specifies the internal organizations in the public firms and government procurement. These include, formation of tendering committee consisting of not less than 5 members with the requirement of the secretary for the committee to possess professional qualifications. General provisions for public agencies are included in Part IV. Part V outlines the open tendering while part VI document alternate procurement procedures.

On the alternative procurement procedures, it is provided that; public institutions are entitled for restricted tendering by presenting Witten permission outline the reasons to opting such a decision. In the tendering processes, parties eligible for the tender award are entitled profession al qualification potentials that include; availability of the equipment, resources and capacity to enter into legal agreement. The part also provides three aspects of policy. These include; conflict of interest, no discrimination and provision of utmost business opportunity to small and medium enterprises. Illegalisation of all form of corruption is spelled out in this art. Here, paying for unsupplied goods, procuring excess of the required products, supply of inferior products, over pricing, over-invoicing and disclosure of confidential information are corruption practices illegalised.

Part 5 of the Act deals with; the preparation of tender documents, notification, advertisement and invitation to tender. Part VII tackles administrative review of

procurement process. This allows that any party unsatisfied in a procurement process has a right to seek administrative review of a tender award. Part IX introduces a provision to bar a party from taking part in public procurement.

The Director General is authorised to deter any person/party from taking part in procurement proceeding for 5 years. Such punishment is based on the offenses of; linking to violation of service level agreement, providing information that is not true about qualifications and declining to take part in a written agreement. Part X covers the disposal of stores and equipment by public bodies. Part XI contains miscellaneous provisions for instance that defence and national security organs are supposed to comply with the Public Procurement Act.

According to Public Procurement Oversight Authority (PPOA), politics interfering with the public procurement process is regarded big issue during process implementation and public procurement reforms (PPOA, 2015). It is notable that impulsive procurement decisions are as a result of influence by politicians to procurement processes (World Bank, 2004b). According to World Bank, 2003a personnel in procurement units not only lack growth in their career path but also earn meagre wages that militate against procurement reforms implementation. Storing records poorly (World Bank, 2003a), and red tape leads to delayed pay of vendors, a critical issue that has been observed to be a challenge in the implementation of procurement reforms (Azeem, 2007).

### **1.1.2 Procurement Performance**

The Kenya Constitution provides the principles required in the public procurement. These include; transparency, fairness, equity in allocation, fairness in the procurement processes, cost effectiveness as well as competitiveness. The Public Procurement and Disposal Regulations of 2015 consider groups that have been underprivileged in the past in terms of competition with well-established firms are given special preference. These include micro enterprises, challenged groups and citizens contractors and in joint venture with foreign forms. The initiative strives to uphold local firms/industries and underprivileged persons such as the disabled.

The Public Procurement and Disposal act Regulations, provides the guidelines of procurement and disposal of assets within the County Governments. The objective is to operationalize the application of (PPDA), in County Governments and work hand in hand to promote local industries.

### **1.1.3 Nairobi County**

The Nairobi County is the result of the Constitution of Kenya 2010 and immediate successor of the functional City Council of Nairobi. The Nairobi County operates under the guidelines of the Cities and Urban Areas Act, The Devolved Governments Act (DGA) and a host of other Acts. The vision being "the city of choice to invest, work and live in".

The Nairobi County (NC) is charged responsible for providing a number of services to the residents within its boundaries. These include all the services that were so far provided by the defunct City Council and others transferred from the national government. The former services include public health, commercial services and housing, physical planning, laying down the primary education infrastructure, public works, inspectorate services, managing the city environment, while the latter comprise of livestock development and, agriculture, industrialization, trade tourism and wildlife, corporate development and public service management.

([www.nairobi.go.ke/home/history](http://www.nairobi.go.ke/home/history))

### **1.2 Research Problem**

Leenders and Fearon (2002) claimed that public procurement has significant economic implications. In the year 2010, 10% of the GDP was estimated have been spending on public procurement. In 2008, the economic experts estimated a GDP of Kshs. 2,099.79 billion, with public expenditure on procurement being approximately Kshs. 209.9 billion annually. From this, it was that a 10% savings aimed at improving and controlling practices in procurement and amounting to about Kshs. 21 billion annually (PPOA, 2010).

Rahman (2014) did a study on the mechanisms to instil effective procurement systems in Iraq through by applying the bid protest processes. The study investigated the procedural

rules of bid protests in Iraq and concluded that the bid protest system in Iraq did not well scrutinize the processes of awarding public contracts that require more transparency.

A study was done by Maki (2012) on measuring the effectiveness of public procurement commissioning organization dealt with investigating the other effects of procurement and on creating a joint alignment for determining the cost reduction produced. The study discovered that the needs and demands of the organization's procurement function vary between different organizations and that the relationship between cause and effect are hard to distinguish and focus. The effectiveness of procurement is hard to split and it can't be directly measured on basis of direct input and output.

Agbesi (2009) studied on the compliance of PPA 2003 focusing on the public service bodies within the Eastern Region of Kenya. The study revealed that implementation of the Act was found to be barred by poor information distribution, delay of payments to works, done by service providers, lack of capacity and training, low tender prices coupled with prolonged establishment of the procurement unit. The research further discovered that there were challenges attributable to the weak compliance in accomplishing of projects, projects initiated and abandoned and a loss of value for money.

Locally, in her study on public procurement legal framework implementation and performance of state corporations in Kenya, Marendi (2015) found out that there was a significant effect of the public procurement legal framework implementation on organizational performance and that she found enforcement to be a moderator in ensuring the efficiency. She therefore, recommended state corporations to adhere to the public procurement regulations to ensure effectiveness and organizational performance.

Mulwa, Kalai and Migosi (2014) carried out a study on establish if secondary schools in Kenya practice compliance in relation to public procurement. Their study found out that, there are important factors to be considered to achieve compliance in the public sector. These included; forming public procurement structure, induction especially the procurement personnel, provision of management trainings to head teachers and possible interventions within the public procurement regulations. Their study further revealed that,

in relation to compliance of PPDA, the level of compliance was low hence the need to create awareness.

County governments being more complex organs due to their diversified nature, they need to partner and embrace viable supply chain structure. This will need a more integrated and co-ordinated mechanism to structure policies and procedures that necessitate efficient flow of goods, services and finances in the counties, that is, procurement efficiency. From the reviewed literature, it is evidenced that the public procurement regulations within the county governments has not been well covered. This study therefore, creates a knowledge gap in analysing the effects of public procurement regulations on procurement efficiency in the county governments. The study addressed the following research questions: How does the implementation of public procurement regulations in Nairobi County affect procurement efficiency? What are the challenges faced in implementation of public procurement regulation in Nairobi County?

### **1.3 Research Objectives**

The general objective of the study was to establish the effects of execution of public procurement regulations on procurement performance of County Governments. The specific objectives were:

- i. To establish the impact of implementation of public procurement regulation and procurement performance in Nairobi county
- ii. To investigate the challenges affecting implementation of public procurement regulations at Nairobi county

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

The findings are essential to Nairobi County government as will help in ensuring value for money is factored and achieved by public institutions. Efficiency in complying with the procurement regulations needs to be improved to achieve the cost saving and better capacity management. The findings from this study will be significant to county government departments because it will give detailed information regarding the factors influencing public procurement regulations and strategies to cope with these factors.



Findings of this study have policy implication for the Government and Kenyan state corporations. State agencies are one of the key public sectors identified to help spur economic growth and help achieve the country's Vision 2030. The performance of state corporations is important and therefore the results of this study will assist these corporations in ensuring full implementation and compliance with procurement regulations and regulations whilst reducing its negative impact witnessed in service delivery due to high levels of bureaucracy.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter covers studies and theories with relevant literature on public procurement regulations. The chapter is hence broken down into theoretical review (public procurement regulations, procurement efficiency within County Governments), empirical review from papers across the world, summary and the presentation of conceptual framework.

#### **2.2 Theoretical Review**

The theoretical review covers philosophical basis in research and the relationship with practical components and theoretical aspects relevant to the study. As cited by Hunja (2011), a good research should be based on theory (Luhmann, 2010). It covers various studies conducted by other researchers on effects of public procurement regulations and procurement efficiency. The research is guided by Institutional theory, Agency Theory and Transaction Cost Economics (TCE) theory. Theoretical review has an effect on the interplay of the factors discussed in the study and the rationale for its adoption.

##### **2.2.1 Institutional Theory**

This is the old approach used checking public procurement elements (Luhmann, 2010). Scott (2004) states 3 institution pillars as regulatory, normative and cultural cognitive. Each pillar addressed different issue such as use of rules, laws and sanctions that is regulatory pillar as enforcement mechanism to be complied with. Scott (2004) advances that institutes are consists of regulative elements and cultural cognitive comprised of cultural-cognitive, regulative elements with associated activities and resources that give life meaning. In Kenya, public procurement is under guidance of the PPDA Act 2015. The Act spells out the regulations and guidelines issued by the PPOA (Barrett, 2010). Institutional theory asserts that if organizations complied with the Public procurement regulations then they would be assured of competition in bids, transparent processes, and professional approach in procurement process (Andrew, 2008).

### **2.2.1 Agency Theory**

Agency theory seeks to explain the association that exists between the principal and the agent as outlined by (Eisenhardt, 1989). According to this theory, the agent and the principal conflict on a number of areas given that each party has a differing objective. For instance, the principal expects the agent to carry out the responsibilities in accordance with his/her will and thus it's hard to know what the agent is doing. The agent on the other hand while working towards maximization of shareholders equity, deviates to wealth giving functions. This kind of relationship is evident in relationships such as employer and employee, the association of the buyer and the supplier. Therefore, agency theory is highly adopted and applied in areas where contracting is taking place. It ideally includes conditions where substantial goal differences occur between principal and agent (Eisenhardt, 1989).

## **2.3 Conceptual Framework Discussion**

### **2.3.1 Staff Training**

Raymond, (2008) posits that professionalism in public procurement pertains to professional involvement in business affairs, academics and workforce cadre. The procurement officers require training and awareness of procurement procedures and regulations as spelt out in procurement Act (Hui *et al.*, 2011). Rossi (2010) affirms that ethical code is not only a hindrance of incorrect behaviour but also a facilitator for all the staff of the organization to work in relation to the ethical legacy of the firm.

De Boer and Telgen, (2008) add that another cause of non – compliance is lack of proper staff training. The PPOA Audit Report (2008) revealed that public procurement officers were poorly trained in Kenya due to the fact that the profession had not been well established. The requirements to educate professionals and arm them with improved skills are urgent (Sauber *et al.*, 2008). Skills refer to individual's capability to complete a given task, behavioural or to execute specific cognitive procedures related to a particular work (Peterson and Van Fleet, 2004).

### **2.3.2 Information, Communication and Technology (ICT)**

ICT and Management Information Systems role in enhancing efficacy and transparency in public procurement cannot be underrated (De Boer and Telgen, 2008). ICT in public procurement is intended to serve a number of goals which include: Broadening participation in public tendering, acceleration of procurement process and ensuring efficiency through expansion of demand and supply; provision of transparent move in public procurement through review of established procedures and public information, and by development of audit systems.

Connection of ICT in government entities procurement aims at benefiting main stakeholders namely: First, the public that demand ease of access to and reliability of information on public procurement. Secondly, the government purchasers require efficiency, expedited processes and minimal red tape in processes of procurement. Moreover, the public are keen on systems for restoring trust with the public on accountability of public sector spends on acquisition of products and service. According to Oliver (2005) Business solutions like SAP-ERP help in streamlining procurement controls all across the functional lines. Public sector procurement functions should also be cross-linked with such solutions. SAP also enables all units trail procurement performances across different departments in the public sector. It facilitates visibility and contributes efficiently to inventory transactions.

### **2.3.3 Top Management Commitment**

Hui *et al.* (2011) argues that managements support is a key preventive measure towards contribution of accountability and transparency as well as facilitation of oversight and strong grounds to avert corruption. Rossi (2010) states that conventional controls to be effective must first be clear, accepted and employed in all levels of management within an organization. An organization exhibiting strong commitment to legal compliance is characterized by the undying commitment by top management's to ethical professional behaviour (Krawiec, 2003). In a similar thought Obanda (2010) stipulates that robust organizational support at top government level is required by procurement staff to promote integrity, monitor the public procurement process and apply procurement law appropriately.

#### **2.3.4 Awareness in Provisions of Public Procurement Regulations**

According to Rossi (2010) an organization compliant with formal elements indicates knowledge of the rules. Gelderman *et al.* (2006) upheld that public purchasers will be in compliant with the rules they understand. The possibility of non-compliance may be increased by poor clarity. Providing education and training to the public buyers will be a tremendous move in increasing compliance to the directives.

Eyaa and Oluka (2011) hold that failure to understand procurement guidelines result into poor compliant levels. They discovered that in the Kenyan arena, becoming familiar with procurement regulations is a significant prediction of compliance with procurement regulations. A study by Heneghan and O'Donnell (2007) indicates that non – compliance levels were partially linked to the complex legislative prerequisites of the procurement laws. Lazarides (2011) also adds that compulsory compliance is the result of among other factors clarity or lack of vagueness of provisions. Thus increasing knowledge of the law can possibly improve compliance. According to De Boer and Telgen (2008) one of the factors causing non – compliance with procurement regulations in the public sector is the level of understanding the procurement legislations.

#### **2.3.5 Professional Ethics and Compliance in Procurement Legislation**

According to Dobler and Burt (1996), profession refers to a calling with specialized knowhow and thorough preparation including instruction in skills and methods, retaining by force of organization or intensive opinion, characterised by achievement and conduct, and ensuring its members to routine study and to a sort of geared towards giving of a public service. Similar definition has been echoed by Millerson (1964) who provide a number of important characteristics of a profession. These features include; A skill founded on theoretical knowhow; A skill in need of training and education; the manifestation of competence in passing a test; a person of integrity defined by adherence to the specified code of conduct; service given for the public good and general organization of the profession.

Procurement professionals have the task for recognition and strategy formulation that deals composite challenges. In light of the challenges, the profession must be perceived as the leader of efficiency and effectiveness as well as recognize the challenges and their

different and origin. The need to acquaint professionals with higher skills has become a matter of urgency (Sauber *et al.*, 2008). Peterson and Van Fleet (2004) argue that a skill is the ability to undertake specified behavioural work or potential to undertake a give task.

### **2.3.6 Institutional Factors**

Guy (2000) posits that there are six scopes that qualify the level of institutionalization of any structure and its potential to assume change. This include; coherency, independence, congruence, difficulty, and exclusiveness. Execution of a firm activities rely on the internal and external relationship of organizations. Principal agency theory helps to explain this relationship and its influence on implementation of organizational activities. The theory holds that fiddling happens when there is some conflict between policy makers and the bureaucracy (principals and agents). Political leaders (principals) assign authority to the bureaucracy (agent) with the hope that the agent does not perform faster to reflect the policy orientations of principal; the committee members could express their dissatisfaction by terminating funding of the organization. Leaders (the principals), who have been conferred with the authority are in position to affect bureaucratic outputs. Guy (2004) quoting Calvert *et al.* (1989), Moe (1985) and Wood Waterman (1991) established that politicians exert considerable power in influencing bureaucratic outputs via the power of appointment. Calvert *et al.* (1989) posits that the chief executives power of appointment and the threat of legislative sanctions influence bureaucratic output.

### **2.4 Public Procurement Regulations and Procurement Efficiency**

Maintaining efficient, accountable and transparent systems in the public procurement is vital to developed sustainability. Public procurement is a critical tool to the overall attainment of development goals that include; poverty elimination, provision of health, education infrastructures and other services hence contributing intensely to better use of public resources. To ensure maximum utilization, care must be exercised in developing countries which have limited resources. Studies reveal that, procuring in the public sector account for approximately 70% of public expenditure. Efficacy present in public procurement processes practices contribute towards the sound management of public

expenditure (Evenett & Hoekman, 2005) which in turn can ensure effective management in the public procurement, and promoting the public sector.

Besides, the aim of public procurement is to offer quality goods and services through transparent competition in the specified quantities and has to be delivered with the scope of time and the place needed (Basheka, 2008). The effectiveness in the public sector and supply of authentic goods, services and infrastructures highly are dependent on the proper managed public procurement practices. Three key principles are essential for effective administration of public procurement. These are; efficiency, accountability and transparency. The three principles are based on international best practices. Nevertheless, taking heed on the level of compliance with best practices is a serious issue from the viewpoint of practicality. Therefore, to achieve the objective of the public procurement, the three key principles must be observed against the accepted standards. Further, efficiency in public procurement sector is important in ensuring proper utilization of public funds by government agencies. In the public sectors where accountability is not observed, efficiency is compromised and thus high levels of misappropriation of public funds.

## **2.5 Empirical Review**

Tan *et al.* (2009) in their study stated that employees in the public sector may never participate or express an intention in undertaking corruptible activities. Both are harmful to the public's view of transparent rule. Being a government staff, there is possibility to access procurement and other confidential data that can interfere with a contract bid or the award procedure handling administrative information.

Amos (2008) in his study holds that, training of the staff creates awareness on the public services and in relation to procurement procedures. Ethics training and seminars in public procurement legislation can be undertaken in areas pertaining; record keeping, procurement processes, an agent of records and administrative law. Continued reviews or undertaking procurement audits and performance measurements can be done to ensure achievement of integrity.

## **2.6 Summary**

The public procurement regulations are formed of pillars namely: Accountability, Fairness, Equity Transparency and cost effective. To promote the mentioned pillars inefficiencies in public procurement has to be eliminated. Thus there is a gap on the effect of poor staff training on compliance which in the long run gives a lee way for corruption. This can be filled by enhancing efficiency through the adoption of training that simplify the public procurement procedures and eliminate the series of non-value adding process as well as much documentation.

Most organizations have recognized that huge administrative paperwork often serves merely to document a chain of events or to provide a logical trail. On compliance Leading edge purchasing organizations need to transform this administrative function into a value-added process by reducing, eliminating or combining steps whenever possible (Lysons, 2003). This can be overcome by implementing the procurement act whose implementation encounters various problems.

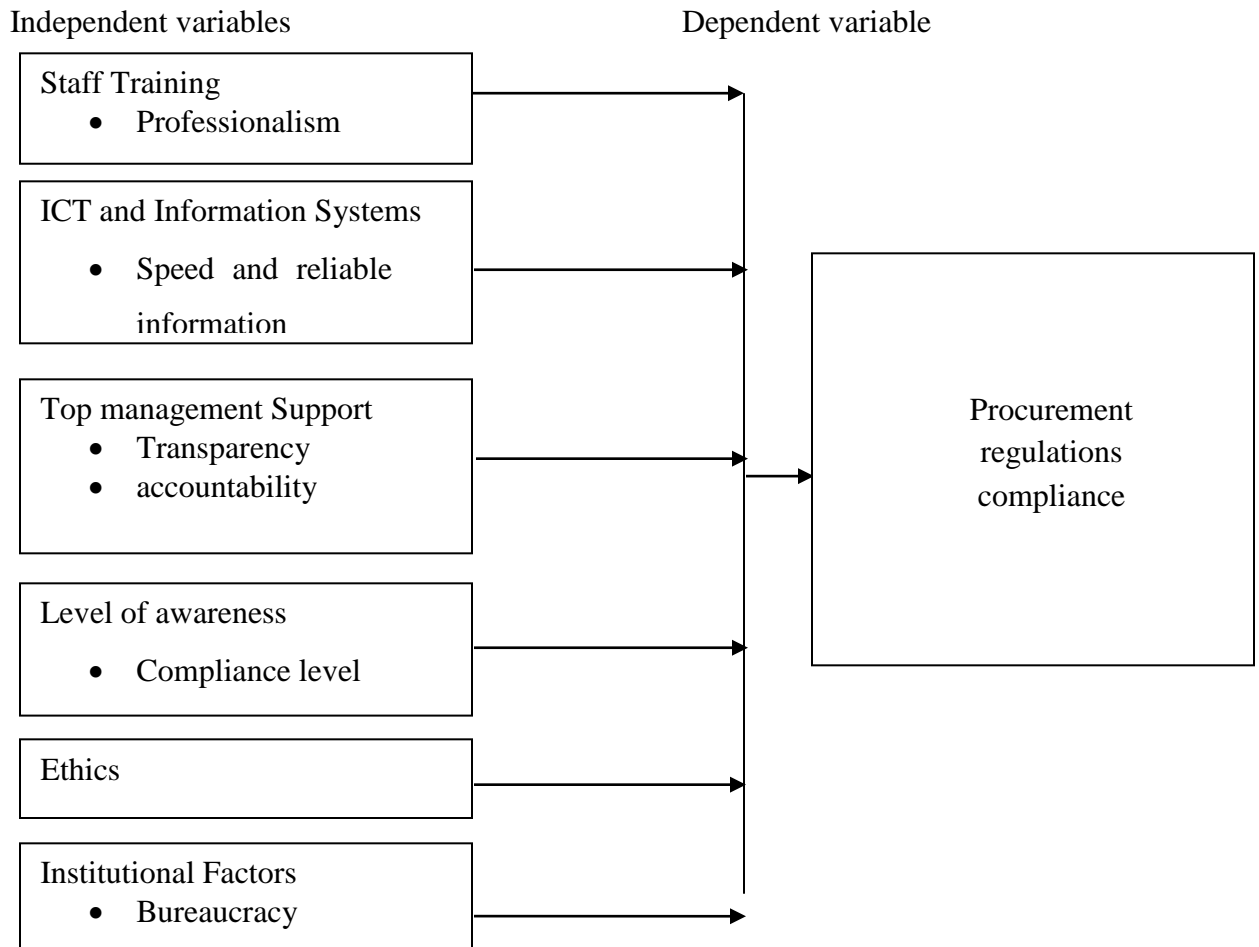
The key enabler of e-procurement advocated in the procurement act is the possibility of the information technology capabilities in data transmission and retrieval in different levels of organization across the world. This study is expected to fill the gap between effects of public procurement regulations and the procurement efficiency in county governments.

## **2.7 Conceptual Framework**

The study investigated effects of public procurement regulations on procurement efficiency in county governments. Figure 2.1 depicts the relationship between the independent and dependent variables. Public procurement regulations are the independent variable which will be measured in terms of fairness, equity, transparency, competitiveness, and Cost-effectiveness, while the dependent variable is procurement efficiency.



**Figure 2.1: Conceptual Framework**



Source: Author (2016)

## 2.8 Hypotheses

The hypotheses of this study were;

- H<sub>1</sub>:** Staff Training influence compliance with public procurement legislation
- H<sub>2</sub>:** ICT and information systems influence compliance with public procurement legislation
- H<sub>3</sub>:** Top Management influence compliance with public procurement legislation
- H<sub>4</sub>:** Level of awareness influence compliance with public procurement legislation
- H<sub>5</sub>:** Ethics influence compliance with public procurement legislation
- H<sub>6</sub>:** Institutional factors influence compliance with public procurement legislation

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter outlines the research methodology employed to conduct the research. The chapter addresses the following specific areas; the research design, the target population, sample design, data collection and data analysis.

#### **3.2 Research Methodology**

Descriptive survey research design was employed in this study in examining the effects of public procurement regulations in Nairobi County. The descriptive survey design method is appropriate and useful in exploring how internal factors affect the procurement efficiency in the study area. This research design was used because it is an efficient approach of collecting descriptive data regarding characteristics of a sample of a population, current practices, conditions or needs.

#### **3.3 Population and Sample**

The target population in this study was procurement sections within Nairobi County which have ten sectorial Heads and 17 Sub County. Therefore, each sectorial head participated and two respondents from each sub-County. This formed a population of 44 respondents. They were used for the study considering that they are the Authority to Incur Expenditure (AIE) holders, and thus are in a strategic position to provide information required for this study. Census sampling was employed to choose 44 respondents as census sample is equivalent to the population.

#### **3.4 Data Collection**

The study employed a census technique in determination of the size of the population to be used for the study. In this study, the technique is considered ideal since individual procurement officers have distinct characteristics and the study is keen in collecting information from all the sectors and sub-counties for comparison of arising attributes of variables of the phenomenon under study (Currihan, 2013).

Data was collected from sector heads and Sub County within Nairobi City County using questionnaires containing structured and unstructured questionnaires .the questionnaires are prepared thematically on the basis of the research questions. The questionnaire is divided in to two sections: section A captures personal information while section B captures information in addressing research questions.

### **3.6 Data Analysis**

Data analysis is the process examining what has been collected in a survey or experimental studies and making deductions and conclusions, (Kombo & Tromp, 2006). According to Saunders *et al.* (2004) data analysis is defined as the act of transforming raw data to extract useful information and drawing conclusion of the research. The questionnaires were revised and edited to ensure legibility. To eliminate errors from the data entered, the database was cleaned before the data is transferred to Package for descriptive analysis into frequencies and percentages. Both qualitative and quantitative methods were used. Data was processed, interpreted and analyzed using of categorizing and then summarizing them so as to bring the clear picture of responses obtained from the questionnaires. Descriptive statistics such as frequency distributions and percentages were used to summarize essential features of the data in the study. Factor analysis was used to rank the effects of public procurement regulations on procurement efficiency in county governments (Mugenda & Mugenda, 2003).

**CHAPTER FOUR**  
**DATA ANALYSIS, RESULTS AND DISCUSSIONS**

**4.1 Introduction**

This section covers data analysis, presentation, interpretation based on research objectives. The research aim was to establish public procurement regulations and procurement performance in Nairobi County, driven by the objectives; to establish the impact of implementation of public procurement regulation and procurement performance in Nairobi County and to investigate the challenges facing the implementation of public procurement regulations at Nairobi County.

**4.2 Response Rate**

The study population was 44 respondents. Questionnaires were issued to all the respondents and response rate obtained as per below.

**Table 4.1: Response Rate**

<b>Response</b>	<b>Frequency</b>	<b>Percent</b>
Responded	37	84.1
Un-responded	7	15.9
<b>Total</b>	<b>44</b>	<b>100.0</b>

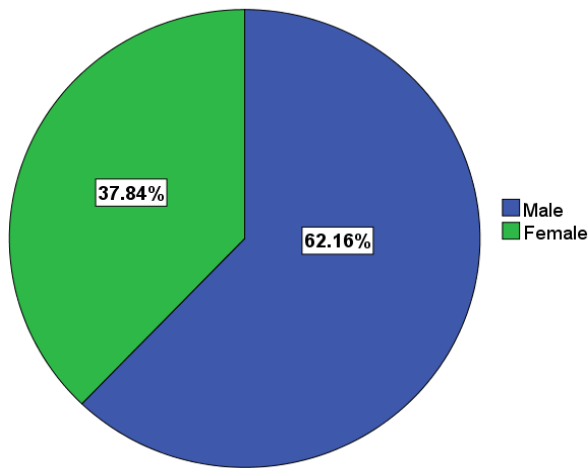
Of the 44 respondents, 37 responded to the questionnaires against 7 who did not respond to the research instrument. This formed a response rate of 84.1%. Mugenda and Mugenda (2003) holds that, for academic research, response rate should be 50% and above to draw inference on the study phenomenon. Therefore, the response rate was adequate to establish public procurement regulations and procurement performance in Nairobi County.

**4.3 Background Information**

Background information covered gender of the respondents, level of education and period of working in the current institutions.

### 4.3.1 Respondents Gender

Figure 4.1: Respondents Gender



The gender characteristic of the respondents shown that, males were the majority represented by 62.16% against females 37.84%. This reveals that both gender participated in the study, hence no single comment or opinion could be attributed to either gender.

### 4.3.2 Level of Education

The study sought to know education level of respondents. The results are presented below.

Table 4.2: Academic Qualification

Education	Frequency	Percent
Undergraduate	17	45.9
Higher Diploma	8	21.6
Postgraduate	6	16.2
Diploma	4	10.8
PhD	2	5.4
<b>Total</b>	<b>37</b>	<b>100.0</b>

Majority of the respondent's (45.9%) were undergraduates. A 21.6% held higher diplomas as their highest education level, while 16.2% were postgraduates. Respondents with diplomas and PhDs were the minority represented by 10.8% and 5.4% respectively.

The education level therefore implies that, all respondents were knowledgeable enough to the contents of the research instrument.

### 4.3.3 Period of Working

Period of working seeks to understand the experience respondents have in their work areas and the relationship with the study phenomenon.

**Table 4.3: Period of Working**

<b>Period of working</b>	<b>Frequency</b>	<b>Percent</b>
1-5 Years	16	43.2
6-10 Years	11	29.7
Less than 1 year	7	18.9
Over 10 Years	3	8.1
<b>Total</b>	<b>37</b>	<b>100.0</b>

As shown in table 4.3, 43.2% of the respondents expressed to have a working period of 1-5 years. A proportion of 29.7% indicated that they have worked for 6-10 years while 18.9% held that they have worked for less than a year. Only 8.1% held that they had worked for over 10 years, an indication that more than 80% of the respondents had worked for 5 and over. Thus, they understand procurement performance in their institutions and the extent to which public procurement regulations are adhered to.

### 4.4 Staff Training Influence and Procurement Performance

Staff training in public procurement sought to enlighten the staff on all regulations in relation to public procurement and related procedures. Therefore, in undertaking such a training level of compliance to public procurement legislation is expected to be high as well as more effective procurement process in the public sector.

#### 4.4.1 Staff Training Influence Compliance with the Public Procurement Regulations

In relation to staff training and compliance with public procurement legislation, the study sought to establish extent to which staff training influenced compliance of Public Procurement Regulations. Findings illustrated below.

**Table 4.4: Staff Training Influence Compliance with the Public Procurement Regulations**

<b>Rating</b>	<b>Frequency</b>	<b>Percent</b>
Very great extent	3	8.1
Great extent	21	56.8
Moderate Extent	11	29.7
Little extent	2	5.4
<b>Total</b>	<b>37</b>	<b>100.0</b>

Cumulative response of 64.9% held that staff training influence compliance with the Public Procurement Regulations to a very great extent and great extent. Respondents tallying to 29.7% held that it influences to a moderately extent while 5.4% held that it has affects to a little extent. Based on the majority response, staff training has a great influence on the compliance of public procurement regulations.

These findings imply that how often and thorough staff is trained on public procurement, the more it's likely to comply with Public procurement regulations. Therefore the findings concur with (Hui *et al*, 2011) argument that training and awareness creation of procurement procedures is essential for procurement officers as stated in the act.

#### 4.4.2 Staff Training and Public Procurement Regulations Compliance

Respondents were required to gauge the effect of staff training on public procurement regulations compliance. Descriptive statistics of mean and standard deviations were used on the assertions.

**Table 4. 5 Staff Training and Public Procurement Regulations Compliance**

	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
Consulting government department or professionals in the procurement practice would increase compliance with regulations.	37	3.76	1.211
Detailing approved procurement practices would enable identical application of public procurement regulations.	37	3.73	1.097
If the staffs are not satisfactorily trained in procurement regulations, severe costs such as breaches of the regulations occur.	37	3.62	1.089
A few procurement personnel's are trained on public procurement regulations compliance procedures	37	3.16	1.118
most participants of the implementation committee don't have adequate competences to discharge the compliance process	37	2.27	1.146

The analysis on staff training revealed that most of the assertions were rated between neutral and agree based on the means. From the assertions, the highly rated assertions included; Consulting government department or professionals in the procurement practice would increase compliance with regulations. (M=3.76; SD=1.211), detailing approved procurement practices would enable identical application of public procurement regulations. (M=3.73; SD=1.097) and If the staffs are not satisfactorily trained in procurement regulations, severe costs such as breaches of the regulations occur. (M=3.62; SD=1.089).

The assertion that a few procurement personnel's are trained on public procurement regulations compliance procedures was also highly rated based on the mean ( M=3.16; SD=1.118).

The minimally responded assertion was that most participants of the implementation committee do not have adequate competences to discharge the compliance process (M=2.27; SD=1.146). Staff training especially in public procurement takes varied dimensions. As observed in this study, consulting successful government departments or experts is part and parcel of training and has a huge impact on the compliance with the public procurement legislations. As established from the respondents, it's the most rated



aspect of training which every member of staff can engage in. Documentation too plays a critical role on the understanding of the public procurement regulations.

These findings therefore underline the need to undertake staff training since lack of training the staff on the requirements of law results to serious effects such as high levels of corruption, dissemination of procurement data to unintended parties, breach of contracts and false misrepresentation in award of tenders. It's on this that the Rossi (2010) affirms that ethical code is not only a hindrance of incorrect behavior but also a facilitator for all the staff of the organization to work in relation to the ethical legacy of the firm.

#### **4.5 ICT and Information Systems**

ICT as a key driver in facilitating effective and efficient operations within the public procurement was sought to establish the ICT and Information Systems effect on the compliance of public procurement regulations and on procurement efficiency in the Public Sector.

##### **4.5.1 ICT and Information Systems affect Public Procurement Regulations**

**Table 4.6: ICT and Information Systems affect Public Procurement Regulations**

<b>Rating</b>	<b>Frequency</b>	<b>Percent</b>
Very great extent	2	5.4
Great extent	19	51.4
Moderate Extent	15	40.5
Little extent	1	2.7
<b>Total</b>	<b>37</b>	<b>100.0</b>

More than half of the respondents rated ICT and information systems to a great extent in influencing compliance with public procurement regulations. A proportion of 40.5% rated it moderately while 5.4% and 2.7% rated it very great extent and little extent respectively.

The role of information communication technology in the public procurement cannot be overlooked. Its effects are far reaching that they control how information is disseminated providing efficiency and effectiveness.

#### 4.5.2 Effect of ICT on Public Procurement Regulations Compliance

Several assertions regarding ICT and public procurement regulations were posed to the respondents.

**Table 4.7: Effect of ICT Public Procurement Regulations Compliance**

<b>Statements</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
ICT in public procurement is intended to accelerate the procurement practices and t more efficient.	37	4.14	.536
ICT and Management Information Systems play a major role in enhancing public procurement Efficiency	37	4.08	.640
ICT provides transparency in public procurement by evaluating developed practices and public information, and by establishing an uncomplicated inspecting system.	37	4.05	.621
Lack of understanding of the importance of the ICT role in public procurement hinders the creation of information infrastructure in county government	37	4.05	.880
Automation of Key measurable aspects of public procurement would enforce compliance with procurement regulations as opposed to fully manual processes currently in place.	37	3.95	.780
Installation of ICT in County Governments procurement aims at benefiting the main stakeholders	37	3.62	1.114
Promotion of access to public procurement regulations content by use of ICT can improve the level of compliance.	37	3.38	1.233

Respondents rated ICT assertions highly, as observed from the means and standard deviations. The statistics indicated that, Information Systems play a vital role in public procurement sector. A high response held that ICT in public procurement is intended to accelerate the procurement practices and more efficient. (M = 4.14; SD = 0.536), ICT and Management Information Systems play a major role in enhancing public procurement Efficiency (M = 4.08; SD = 0.640) and ICT provides transparency in public procurement by evaluating developed practices and public information, and by establishing an uncomplicated inspecting system. (M = 4.05; SD = 0.621).

Further, respondents held; that lack of understanding of the importance of the ICT role in public procurement hinders the creation of information infrastructure in county government (  $M = 4.05$ ;  $SD = 0.880$ ) and automation of Key measurable aspects of public procurement would enforce compliance with procurement regulations as opposed to fully manual processes currently in place (  $M = 3.95$ ;  $SD = 0.780$ ). Statements that installation of ICT in County Governments procurement aims at benefiting the main stakeholders ( $M = 3.62$ ;  $SD = 1.114$ ) and promotion of access to public procurement regulations content by use of ICT can improve the level of compliance ( $M = 3.38$ ;  $SD = 1.233$ ) were rated moderately.

The development of ICT and information systems has increased efficiency and departments have been effective in service delivery. Adopting ICT systems in the public procurement will ensure timely data dissemination, verification of procurement processes, good financial management as well as averting corruption levels within the public sector. The results concur with De Boer and Telgen (2008) who posits that the role of ICT and Management Information Systems in enhancing efficacy and transparency in public procurement cannot be underrated. ICT in public procurement is intended to serve a number of goals which include: Broadening participation in public tendering, acceleration of procurement process and ensuring efficiency through expansion of demand and supply; provision of transparent move in public procurement through review of established procedures and public information, and by development of audit systems.

#### **4.6 Top Management Support and compliance with Public Procurement legislation**

Top management has a role to play in ensuring public procurement is within the standards of Public Procurement Act. This study sought to establish how the top management is committed in ensuring efficient and effective procurement processes.

#### 4.6.1 Top Management Commitment and Public Procurement Legislation Compliance

**Table 4. 8: Top Management Commitment and Public Procurement Legislation Compliance**

<b>Rating</b>	<b>Frequency</b>	<b>Percent</b>
Very great extent	7	18.9
Great extent	19	51.4
Moderate Extent	10	27.0
Total	36	97.3
Missing	1	2.7
<b>Total</b>	<b>37</b>	<b>100.0</b>

Respondents were required to rate the extent which level of top management commitment affects compliance with public procurement legislation. Majority tallying to 51.4% of the respondents held that the top management affects to a great extent while 18.9% rated it to a very great extent. A proportion of 27% held that it affects to a moderate extent.

Based on the majority response, it is evident that, top manager's commitment was significant on public procurement legislation compliance.

#### 4.6.2 Rating Commitment of Top Management

Statements seeking to understand the level of top management commitment within the research environment were given to the respondents for rating against five point Likert scale.

**Table 4. 9: Rating Commitment of Top Management**

	N	Mean	Std. Deviation
To successfully implement the provisions of PPDA the senior executives must take a leading role	37	4.38	.639
Top management should convince their juniors to comply with the Public Procurement Regulations	37	4.05	.705
A poor budgeting systems inhibits successful compliance	37	3.89	1.075
Developing procurement strategies and formulation of timelines by top management would affect the procurement legislation compliance.	37	3.78	1.109
Absence of teamwork within the departmental heads and stakeholders impedes compliance in public procurement Regulations procedures	37	3.76	1.256

Respondents expressed their feeling that top management commitment cannot be overlooked in public procurement. On the statements given, respondents rated to a great extent that to successfully implement the provisions of PPDA the senior executives must take a leading role (M= 4.38, SD= 0.639). Similarly, top management should convince their juniors to comply with the Public Procurement Regulations (M = 4.05, SD= 0.705) and poor budgeting systems inhibits successful compliance (M = 3.89; SD= 1.075).

Respondents further indicated that, to a great extent, developing procurement strategies and formulation of timelines by top management would affect the procurement legislation compliance (M = 3.78; SD = 1.109) as well as absence of teamwork within the departmental heads and stakeholders impedes compliance in public procurement Regulations procedures (M = 3.76; SD= 1.256).

Leaders in any area of administration are conferred with power to ensure smooth running of the department or scope of jurisdiction. In public procurement, the top management provides guidelines and helps the staff to work according to the stipulated policies. The

aim of public procurement Act was to ensure that efficiency, effectiveness and transparency are achieved. This is possible with a supportive management which must be acquainted with high levels of professionalism. This is why Hui *et al.* (2011) demands that management efficiency be a key preventive measure as it contributes to accountability and transparency as well as facilitating oversight and strong grounds to avert corruption. Thus, leaders within the public sector have to support procurement processes documented by the Public Procurement Act to intensify its compliance.

#### **4.7 Level of Awareness**

How well the personnel understand contents of the public procurement Act determines their compliance in the public procurement. It's within this assertion that the researcher sought to determine level at which awareness influence compliance to public procurement legislation.

##### **4.7.1 Level of Awareness Influence Compliance with Public Procurement Legislations**

**Table 4.10: Level of Awareness influence Compliance with Public Procurement Legislations**

<b>Rating</b>	<b>Frequency</b>	<b>Percent</b>
Very great extent	6	16.2
Great extent	18	48.6
Moderate Extent	8	21.6
Little extent	4	10.8
Not at all	1	2.7
<b>Total</b>	<b>37</b>	<b>100.0</b>

The researcher sought to establish if level of awareness has an influence on public procurement legislation compliance. More than 50% held that it influences to a great extent and very great extent. Respondents expressing a moderating extent were 21.6% while 10.8% and 2.7% held that it influences to a little extent and no extent respectively.

This reveals that, ensuring the staff understands the contents of public procurement legislations determines the level of compliance, hence effective and efficient supply chain performance.

#### **4.7.2 Rating Level of Awareness and Compliance with Public Procurement Legislation**

To understand more on the level of awareness and public procurement legislation compliance, several statements were presented to the respondents for rating based on their experience and understanding. The statistics were as shown in table 4.11 below.

**Table 4. 11: Rating Level of Awareness and Compliance with Public Procurement Act**

<b>Statements</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
Sensitization seminars, training and retraining of staff on the best procurement practices would help raise awareness to the procurement legislations in place.	37	4.00	.667
Absence of transparency contributes to high possibilities for non-compliance.	37	4.00	.816
Acquaintance with public procurement regulations radically anticipated compliance with procurement regulations.	37	3.95	.743
Absence of acquaintance with public procurement Regulations leads into low compliance levels.	37	3.86	.751
Procurement personnel will abide by the rules if they perceive them as well-defined	37	3.86	.751
Majority of the employees in procurement department are not conversant with the public procurement legislation in place.	37	3.32	.973
Mostly non-compliance is partially attributable to the involved Regulations requirements of the procurement laws.	37	3.32	1.226

Majority of the respondents held that sensitization seminars, training and retraining of staff on the best procurement practices would help raise awareness to the procurement legislations in place (  $M = 4$ ;  $SD = 0.667$ ). Similarly, absence of transparency contributes to high possibilities for non-compliance ( $M = 4$ ;  $SD = 0.816$ ).

Assertions on level of awareness and performance were also rated highly as the respondents held that; acquaintance with public procurement regulations radically anticipated compliance with procurement regulations ( $M = 3.95$ ;  $SD = 0.743$ ) and absence of acquaintance with public procurement Regulations leads into low compliance levels ( $M = 3.86$ ;  $SD = 0.751$ ). It was also evident that public purchasers will comply with the rules if they perceive them as clear as shown by the mean ( $M = 3.86$ ;  $SD = 0.751$ ).

The level of awareness to the public procurement among the employees indicated a high rating that most of them are not conversant with the public procurement legislation in place as shown by mean 3.32 and standard deviation 0.973. The least rated assertion but to moderate extent was that mostly non-compliance is partially attributable to the involved Regulations requirements of the procurement laws

Laws might be in place coupled with documentation on procurement procedures. However, lack of understanding and inadequate sensitization mechanism might render the policies nonfunctional. Findings of the study indicate that sensitization seminars and trainings as well as retraining of staff on the best procurement practices would help raise awareness to the procurement legislations in place.

Report by Heneghan and O'Donnell (2007) indicates that high level of non-compliance with public procurement legislations were partially linked to the complex legislative perquisites of the procurement laws. These findings are also evident in the study as respondents held that majority of the employees in procurement department are not conversant with the public procurement legislation in place.

#### **4.8 Ethics and Public Procurement Legislation Compliance**

According to Dobler and Burt (1996), profession refers to a calling with specialized knowhow and thorough preparation including instruction in skills and methods, retaining



by force of organization or intensive opinion, characterized by achievement and conduct, and ensuring its members to routine study and to a sort of geared towards giving of a public service.

#### **4.8.1 Professional Ethics Influence Public Procurement Legislation Compliance**

**Table 4.12: Professional Ethics Influence Public Procurement Legislation Compliance**

<b>Rating</b>	<b>Frequency</b>	<b>Percent</b>
Very great extent	5	13.5
Great extent	14	37.8
Moderate Extent	9	24.3
Little extent	7	18.9
Not at all	2	5.4
<b>Total</b>	<b>37</b>	<b>100.0</b>

Professional ethics and its influence on compliance to Public Procurement Legislation was rated to a great extent and very great extent by 37.8% and 13.5% respectively. Moderate extent was expressed by 24.3% while influence to a little extent and no extent were obtained from 18.9% and 5.4%.

The public procurement Act documents high professionalism and ethics in handling procurement procedures as well as in the formation of the procurement committees. Therefore professional ethics once applied will lead to high level of compliance with public procurement regulations in the public sector.

#### **4.8.2 Professional Ethics and Compliance with the Public Procurement Legislation**

Ethics similar to other variables was tested to establish its effect on compliance with the public procurement Legislation.

**Table 4. 13: Professional Ethics and Compliance with the Public Procurement**

<b>Legislation</b>				
<b>Statements</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>	
Trainings on ethics and integrity in public entities procurement aims at benefiting the main stakeholders	37	3.92	.894	
Keeping high levels of professionalism in the public sector increases efficacy in conforming to public procurement regulations	37	3.73	.990	
Professional ethics play a key part in enhancing compliance with public procurement law	37	3.49	1.216	
Lack of understanding of the importance of the ethics in procurement hinders compliance with public procurement.	37	3.27	1.262	

Professional ethics tested against several assertions yielded results almost within the same rating. All the assertions were accorded moderate and great extent rating indicated by a mean of more than 3 in each assertion. On the ratings the assertion that trainings on ethics and integrity in public entities procurement aims at benefiting the main stakeholders was the most rated (M= 3.92; SD= 0.894). It was also evident that keeping high levels of professionalism in the public sector increases efficacy in conforming to public procurement regulations (M=3.73; SD=0.990).

On whether professional ethics professional ethics play a key part in enhancing compliance with public procurement law, respondents expressed moderate rating ( M=3.49; SD=1.216), similar to the statement that lack of understanding of the importance of the ethics in procurement hinders compliance with public procurement ( M= 3.27; SD=1.262).

## 4.9 Institutional Factors

### 4.9.1 Institutional Factors and the Level of Compliance with Public Procurement Legislation

**Table 4. 14: Institutional Factors and the Level of Compliance with Public Procurement Legislation**

<b>Rating</b>	<b>Frequency</b>	<b>Percent</b>
Very great extent	4	10.8
Great extent	17	45.9
Moderate Extent	9	24.3
Little extent	4	10.8
Not at all	3	8.1
<b>Total</b>	<b>37</b>	<b>100.0</b>

The study sought to rate the extent to which institutional factors affects the Level of Compliance with Public Procurement Legislation. More than 50% gave a rating of great extent and very great extent. Moderate extent was expressed by 24.3% while 10.8% and 8.1% rated it too little extent and to no extent at all.

### 4.9.2 Institutional Factors Influence on Public Procurement Legislation Compliance

Instructional factors as one of the variables affecting public procurement legislation compliance was tested in this study. The statements were gauged against 5-point Likert scale. Descriptive statistics were performed to determine the extent and the most rated statement.

**Table 4. 15: Institutional Factors Influence on Public Procurement Legislation Compliance**

	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
Complexity	37	4.03	.763
Coherence	37	4.00	.782
Congruency	37	3.92	.924
Autonomy	37	3.32	.973
Exclusivity	37	3.00	1.202

The respondents held that Complexity (M= 4.03; SD = 0.763), coherence (M= 4.00; SD = 0.782) and congruency (M= 3.92; SD = 0.924) majorly determine the effect of institutional factors on public procurement legislation compliance.

Institutional factors refer to the organizational features that affect compliance to the public procurement legislations. In this paper, institutional factors included; complexity, coherence, congruency, exclusivity and autonomy. From the findings, complexity, which measures how complex the systems are affects compliance highly. Similarly coherence, the state of being together affects how the personnel comply with procurement procedures. Institutional factors according agency theory relates to the principal and agent relationships.

According to Eisenhardt (1989) such kind of relations have challenges, due to the fact that the principal and agent have different objectives which may result into conflict, additionally it may prove difficult for the principal to know what the agent is doing.

#### 4.10 Factor Analysis

As part of analysis of this study, factor analysis – extraction method was undertaken. This was done by checking correlations patterns against observed measures. In the analysis, measures likely to be affected by the same factor were highly correlated while those with low correlation were affected by different factors. Communalities table presents the variance proportion each variable used in the study had against each other.

**Table 4. 16: Communalities-Public Procurement Legislation Compliance**

Component	Communalities		
		Initial	Extraction
2	Top Management Commitment	1.000	.921
2	ICT and Information Systems	1.000	.920
1	Staff Training	1.000	.959
1	Ethics	1.000	.854
1	Level of Awareness	1.000	.975
1	Institutional Factors	1.000	.882

Extraction Method: Principal Component Analysis.

The statistics on factor analysis indicated that level of awareness contributes to 97.5% compliance to public procurement legislation in the public sector. Staff training contributes 95.9% while top management commitment contributes to 92.1%. A proportion of 92% in public procurement legislation compliance is accounted for by ICT and information systems. Variables contributing below 90 % were institutional factors 88.2% and ethics 85.4%.

**Table 4. 17: Total Variance Explained for Compliance with Public Procurement Act**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.860	64.327	64.327	3.860	64.327	64.327
2	1.652	27.541	91.868	1.652	27.541	91.868
3	.250	4.167	96.035			
4	.156	2.601	98.636			
5	.059	.982	99.618			
6	.023	.382	100.000			

Total variance containing component, eigenvalues, proportion variance for each factor and cumulative variance were presented in table 4.17. The results indicate that first component which contains level of awareness, staff training, ethics and institutional factors account for 27.541% of the variance. Second component that comprise of top management commitment and ICT and information systems account for 64.33% of the variance. Therefore, the two components account for 91.87% of the total variance in public procurement legislation compliance.

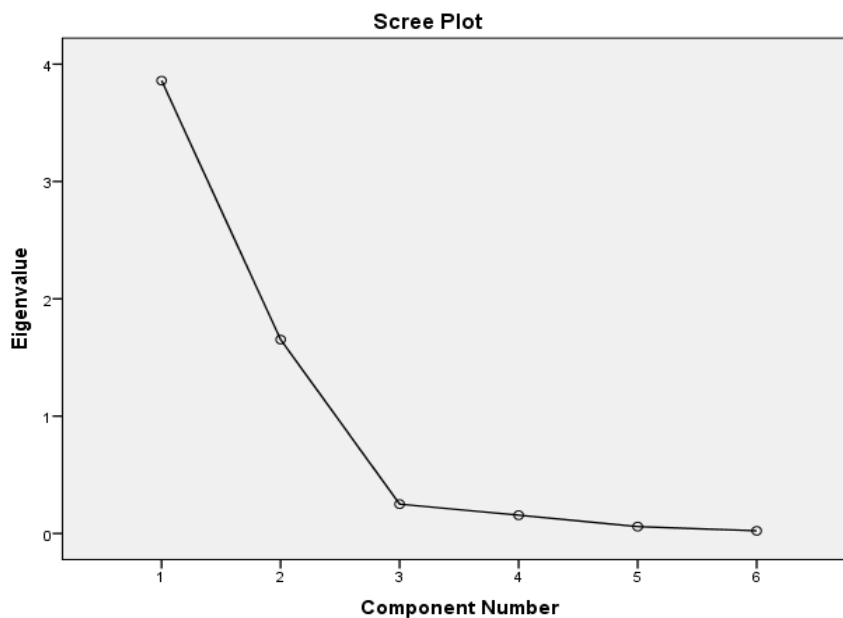
**Table 4. 18: Component Matrix**

Component Matrix <sup>a</sup>		
	Component	
	1	2
Top Management Commitment		.828
ICT and Information Systems		.883
Staff Training	.935	
Ethics	.920	
Level of Awareness	.946	
Institutional Factors	.931	

a. 2 components extracted.

Component matrix presents loadings of the six variables on the two main component factors extracted. In factor analysis, the higher the absolute value of the loading, the higher the factor contributes to the variable. Component 1 contains four factors while components two contain two factors. Factors forming component 1 are; staff training, ethics, level of awareness and institutional factors. Component 2 comprises of top management commitment and ICT and information systems. This therefore indicates that, factors in component 1 have higher explanatory power than those in component 2 in explaining public procurement legislation compliance in Nairobi County.

**Figure 4.2: Scree Plot -Public Procurement Legislation Compliance**



The Scree plot shows the factors explaining the level of compliance with public procurement legislation in the public sector. From the Scree plot only three factors were considered critical in explaining compliance to public procurement legislation in the public sector. This is inferred from the plot where the curve flattens. These variables include; top management commitment, ICT and information systems and staff training.

The factor analysis indicates that all the variables in this study are relevant in influence compliance to the public procurement. This implies that the null hypotheses do not hold. Therefore, administrators in the public offices have to ensure these variables are managed well to ensure better results and increased compliance to public procurement regulations.

## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### 5.1 Introduction

Chapter five presents summary of the findings based on the data analysis, draws conclusion based on responses given and recommendations. Further, limitation of the study and suggestion for further research is discussed in this chapter.

#### 5.2 Summary of the Findings

The research sought to establish how several factors influence compliance with public procurement legislation. These factors were; staff training, ICT and information systems, and top management commitment, level of awareness, ethic and institutional factors.

On staff training, it was found that consulting experts and government departments that were would lead to improvement in regulations compliance, standards documentation and best procurement practices would facilitate uniform application of procurement regulations and that that lack of adequate training in procurement regulations would result to serious consequences; including, breaches of the regulations occur. In addition, it was found that a high number of procurement staff were ill trained and unskilled and could not run the compliance process.

ICT and information systems are the key drivers in facilitating effective and efficient operations within the public procurement. Based on respondents input, ICT in public procurement is intended to efficiently expedite the procurement processes. As well as provide transparency in public procurement through review of established procedures and public information, and development of audit systems. While knowhow on information systems is a requirement, it was established that that lack of understanding of the importance of the ICT role in public procurement hinders the creation of information infrastructure in county government.

Top management commitment cannot be overlooked in public procurement. Statistics done in this study held that to successfully implement the provisions of PPDA the senior executives must take a leading role. In this case, the top management should convince

their juniors to comply with the Public Procurement Regulations. Therefore, to fully support public procurement processes in the public sector and ensure compliance with the public procurement legislation, developing procurement strategies and formulation of timelines by top management is key.

Compliance with the formal elements gives an indication of knowledge of the rules. In relation to this assertion, it was established that sensitization seminars, training and retraining of staff on the best procurement practices have immense value on the awareness to the procurement legislations in place. Thus, lack of clarity is believed to increase the possibilities for (un)deliberate non-compliance. Similarly, the level of awareness to the public procurement among the employees indicated a high rating that most of them are not conversant with the public procurement legislation in place.

Professional ethics tested against several assertions found out that trainings on ethics and integrity in public entities procurement aims at benefiting the main stakeholders. It was also evident that upholding high standards of professionalism in the public sector would aim to make institutions efficient and effective in compliance with procurement legislation. Therefore, professional ethics play a major role in enhancing compliance with public procurement law.

Complexity, coherence and congruency majorly determine the effect of institutional factors on public procurement legislation compliance. Factor analysis found out that top management commitment, ICT and information systems and staff training were considered critical in explaining compliance to public procurement legislation in the public sector.

### **5.3 Conclusion**

The study concludes that all the study variables namely, staff training, top management commitment, ICT and information systems, level of awareness, ethics and institutional factors influence compliance with the public procurement legislation.



The study also concluded that on staff training, it was found that a high number of procurement staff were ill trained and unskilled and could not run the compliance process.

Factor analysis determined that top management commitment, ICT and information systems and staff training were considered critical in explaining compliance to public procurement legislation in the public sector.

#### **5.4 Recommendations**

The study found out that a high number of procurement personnel are not qualified and therefore lack the required skill and training for running the compliance processes. It's recommended that training and seminars should be employed within the public sector to ensure compliance with the public procurement legislations.

Top management commitment is key in developing strategies and ensuring they are executed within the set policies. Therefore, this study recommends that the top management in the public sector should be keen in allocating resources, setting out strategies and ensuring transparent procurement practices.

The role of ICT and information systems in procurement process should not be undermined. Therefore, as a recommendation of this study, installing sound ICT systems and having the knowledgeable personnel on running the operations would intensify procurement performance and increased level of public procurement Act compliance.

#### **5.5 Limitations of the Study**

In ensuring smooth completion of the study, several limitations were encountered. First, some of the respondents failed to submit data due to fear of organizational policies, privacy and lack of commitment in filing the questionnaires.

Inadequate financial resources limited the scope of this study. To effectively carry out this study in all the counties require more financial resources and time. Thus due to limited finances, the researcher concentrated with Nairobi County.

## **5.6 Suggestion for Further Research**

This study was carried in Nairobi County. Further research can be undertaken in other counties to establish if the findings of this study are same in other counties.

High level of, misappropriation of public funds especially in the procurement sector have been witnessed in varied ministries. Further study should be conducted on causes of such incidents and the measures to overcome them.

Further, challenges facing compliance of public procurement legislation should be looked into in different counties. This will help structure strategies aimed at increasing the level of compliance.

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**APPENDICES**

**Appendix I: Questionnaire**

This Questionnaire is aimed at collecting data regarding effects of public procurement regulations on procurement efficiency in County Government. You have been selected to participate in this survey. Please give a response to all the questions as requested.

**PART A: GENERAL INFORMATION**

1. Gender of respondent  
     Male           [ ]                      Female           [ ]
2. Highest level of education: What is your highest level of education?  
     Diploma           [ ]      Higher Diploma   [ ]           Undergraduate [ ]  
     Postgraduate   [ ]      PHD                      [ ]
3. How long have you worked in your current position?  
     Less than 1 year       [ ]                      6-10 years           [ ]  
     1-5 years               [ ]                      Over 10 years       [ ]

**PART B: EFFECTS OF PUBLIC PROCUREMENT REGULATIONS ON PROCUREMENT EFFICIENCY IN COUNTY GOVERNMENT**

Staff Training Influence

4. To what extent does staff Training influence compliance with the Public Procurement Regulations?  
     Very great extent [ ]      Great extent   [ ]      Moderate extent       [ ]  
     Little extent       [ ]      Not at all       [ ]
5. What is your level of agreement with the following statements that relate to the effect of staff Training compliance with the public procurement regulations? Use a scale of 1-5 (1- Strongly Disagree; 2-Disagree; 3-Neutral; 4- Agree; 5- Strongly Agree)

	1	2	3	4	5
If the workforce is not adequately educated in procurement regulations, serious consequences; including, breaches of the regulations occur.					
All members of the implementation committee don't have appropriate competences to handle the compliance process					

Most of the personnel who are employed in the procurement department are not properly trained and lack skills required running the compliance processes.					
Documenting standards and best procurement practices would facilitate uniform application of procurement regulations.					
Consulting successful government department or experts in the procurement process would improve compliance with regulations.					

### ICT and Information Systems

6. To what extent do ICT and Information Systems affects public procurement regulations on procurement efficiency in County Governments?

Very great extent  Great extent  Moderate extent   
 Little extent  Not at all

7. What is your level of agreement with the following statements that relate to the effect of ICT and Information Systems on effects of Public Procurement Regulations on Procurement Efficiency in County Governments? Use a scale of 1-5 (1- Strongly Disagree; 2-Disagree; 3-Neutral; 4- Agree;5- Strongly Agree)

	1	2	3	4	5
ICT and Management Information Systems play a major role in enhancing public procurement Efficiency					
ICT in public procurement is intended to speed up the procurement process and make it more efficient.					
ICT provides transparency in public procurement by reviewing established procedures and public information, and by developing an easy auditing system.					
Installation of ICT in County Governments procurement aims at benefiting the main stakeholders					
Lack of understanding of the importance of the ICT role in public procurement hinders the creation of information infrastructure in county government					
Promotion of access to public procurement regulations content by use of ICT can improve the level of compliance.					
Automation of Key measurable aspects of public procurement					

would enforce compliance with procurement regulations as opposed to fully manual processes currently in place.					
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Top Management Support

9. To what extent does Commitment of top management affect the level of compliance with Public Procurement legislation in the public sector?

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

10. In your own opinion, how would you rate the following statements on the commitment of top management? Use a scale of 1-5 (1- Strongly Disagree; 2- Disagree; 3-Neutral; 4- Agree; 5- Strongly Agree)

Statements Top Management Level	1	2	3	4	5
Top management should not spare any effort to persuade the employees to comply with the Public Procurement Regulations					
To successfully implement the provisions of PPDA the senior executives must take a leading role					
A poor budgeting systems inhibits successful compliance					
Lack of collaboration with other departmental heads and stakeholders hinders compliance with public procurement Regulations.					
Developing procurement strategies and formulation of timelines by top management would affect the procurement legislation compliance.					

Level of Awareness

11. To what extent does Level of Awareness influence the level of compliance with Public Procurement legislations?

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

12. In your own opinion, how would you rate the following statements on the Level of Awareness? Use a scale of 1-5 (1- Strongly Disagree; 2-Disagree; 3-Neutral; 4- Agree; 5- Strongly Agree)



Statements on commitment of Level of Awareness	1	2	3	4	5
High levels of non-compliance are partly attributable to the complex Regulations requirements of the procurement laws.					
Public purchasers will comply with the rules if they perceive them as clear					
Lack of clarity is believed to increase the possibilities for (un)deliberate non-compliance.					
Familiarity with procurement regulations significantly predicted compliance with procurement regulations.					
Lack of familiarity with procurement Regulations results into poor compliance levels.					
Majority of the employees in procurement department are not conversant with the public procurement legislation in place.					
Sensitization seminars, training and retraining of staff on the best procurement practices would help raise awareness to the procurement legislations in place.					

#### Ethics

13. To what extent do professional ethics influence compliance with the public procurement legislation in the public sector?

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

14. What is your level of agreement with the following statements that relate to professional ethics and compliance with the Public Procurement legislation in the public sector? Use a scale of 1-5 (1- Strongly Disagree; 2-Disagree; 3- Neutral; 4- Agree; 5- Strongly Agree)

	1	2	3	4	5
Professional ethics play a major role in enhancing compliance with public procurement law					
Maintaining high standards of professionalism in the public sector enhances efficiency and effectiveness in complying with procurement legislation.					

Trainings on ethics and integrity in public entities procurement aims at benefiting the main stakeholders					
Lack of understanding of the importance of the ethics in procurement hinders compliance with public procurement.					

**Institutional Factors**

15. To what extent do institutional factors affect the level of compliance with Public Procurement legislation in the public sector?

Very great extent  Great extent  Moderate extent   
 Little extent  Not at all

16. In your own opinion, how would you rate the following statements on institutional factors influence compliance with public procurement legislation in your institutional? Use a scale of 1-5 (1- Strongly Disagree; 2-Disagree; 3-Neutral; 4- Agree; 5- Strongly Agree)

Statements top management level	1	2	3	4	5
Autonomy					
Complexity					
Coherence					
Congruency					
Exclusivity					

**Thank you for your kind co-operation.**