



**FACTORS AFFECTING THE IMPLEMENTATION OF PUBLIC PROCUREMENT
PROCESSES IN KENYA: A CASE STUDY OF THE MERU COUNTY GOVERNMENT
PROCUREMENT DEPARTMENT**

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Abstract

The main aim of this study was to find out the factors affecting the implementation of public procurement process in Kenya. The study was guided by the following objectives: to determine the effect of procurement planning, record management system, ICT, transparency on the implementation of procurement processes. Based on the research findings it concluded that effective implementation of public procurement processes in Meru county procurement department is affected by procurement planning followed by transparency and then record management and ICT are the major factors. It was further concluded that the current phenomenon of procurement process in public sector can be achieved if the public procuring entities ensure that there is transparency in procurement procedure, use of professionals and ensuring quality sourcing.

Keywords: procurement planning, record management system, Information Communication Technology, transparency, public procurement processes

Background of the Study

The term public procurement refers to the purchasing by governments and local authorities of the works, goods, and services they need to operate - ranging from simple office items to sophisticated high-tech equipment. Government procurement is one of the most economic activities of government (Thai, 2008).

Effective implementation of procurement processes is determined by the level of compliance with procurement regulations, minimization of procurement expenditure, transparency and accountability of procurement funds and quality of procured goods and services (Gadde, 2007). Effective implementation of procurement processes entails implementation of strategies to be followed when making organization purchasing decisions. These include building supplier relationships, team-based approaches to procurement and proper use of technology or e-procurement (UNEP 2007). Effective implementation of procurement processes significantly improves the effectiveness of purchasing decisions (Sobczak, 2008). One of the most important factors that promote effective implementation of procurement processes is improving the relationship between the buyers and suppliers. Choosing a supplier based solely on pricings often viewed as short-sighted and may be ineffective. An alternative procurement practice is to use suppliers that offer reliable products at fair prices (Elliot 2007).

In Kenya Public procurement is governed by the Public Procurement and Asset Disposal Act 2015, whose full title is "An Act of Parliament to give effect to Article 227 of the Constitution; to provide procedures for efficient public procurement and for assets disposal by public entities; and for connected purposes". This legislation came into effect on 7 January 2016, repealing the previous Public Procurement and Disposal Act of 2005, and all state organs and public entities within Kenya are required to comply with this law in regard to planning and undertaking procurement, inventory management, asset disposal and contract management, except where the provisions of the Public Private Partnership Act, 2013 already apply to procurement and disposal of assets, or where procurement and disposal of assets takes place under bilateral or multilateral agreements between the Government of Kenya and any other foreign government or multilateral agency. The law provides for the National Treasury to be responsible for public procurement and asset disposal policy formulation.

Statement of the Problem

In Kenya, procurement departments in public entities are faced with the problem of not having enough information about the factors affecting the implementation of procurement processes and are therefore unable to determine their impacts on the organization. This implies that such a problem requires establishment of clear procurement processes which when adopted can provide the decision-makers in the procurement department with unbiased and objective information regarding the implementation of procurement processes. (Bartik, 2009).

It is against that backdrop that the research intends to find out the factors affecting the implementation of public procurement processes in Kenya. If these factors are not known, the process implementation would fail and this will result to loss of tax payers' money as well as gross misuse of public funds.

Objectives of the study

The specific objectives of this study were:

- i. To evaluate the extent to which procurement planning affects the implementation of public procurement processes in Kenya.
- ii. To establish the extent to which records management systems affects the implementation of public procurement processes in Kenya.
- iii. To determine the extent to which information communication technology affects the implementation of public procurement processes in Kenya.
- iv. To evaluate the extent to which transparency affects the implementation of public procurement processes in Kenya.

Theoretical Review

The theoretical framework of a research relates to the philosophical basis on which the research takes place, and forms the link between the theoretical aspects and practical components of the investigation undertaken. As cited by Hunja, (2011), good research should be grounded in theory. Therefore this study is guided by Institutional theory, System Theory and the Transaction Cost Economics (TCE) theory.

Conceptual Framework

In conducting the study, a conceptual framework was developed to show the relationship between the independent variables and dependent variable. In this study, the dependent variable is public procurement processes and the independent variables are; Procurement planning, Records management systems, Information communication technology and Transparency. The constructs and relationships between research variables are illustrated in the following figure.

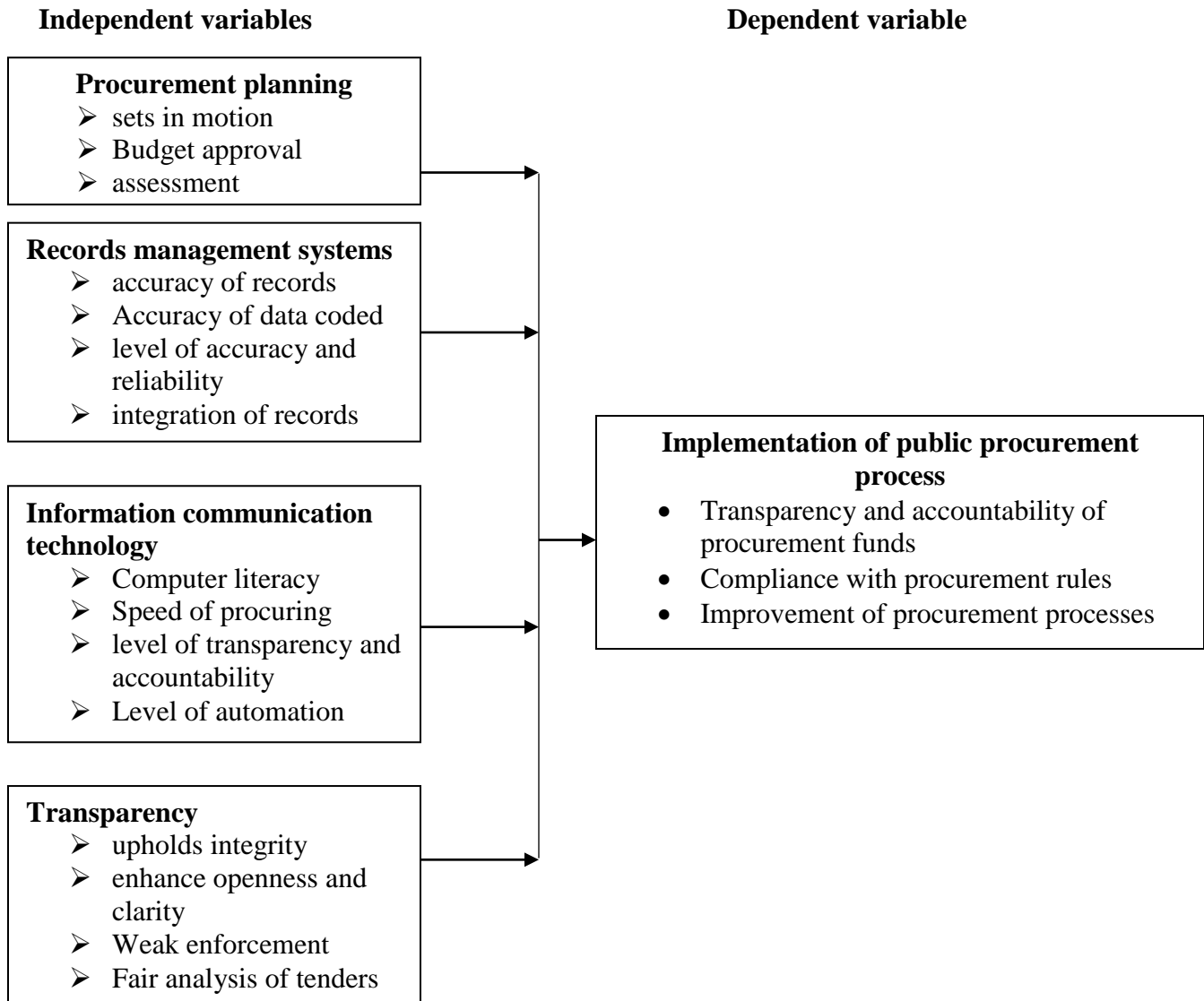


Figure 1: Conceptual Framework

Research Design

This study applied a descriptive research design which was used since the study gathered quantitative and qualitative data that described the nature and characteristics of the study subject. The target population comprised of 45 Meru County procurement staffs since they are the ones involved in the execution of key procurement processes decisions and hence have technical knowledge and skills on the subject. The study used census method because it is unique in that it provides the possibility of examining small and special population groups, and acquiring information on small geographic units. Questionnaires were used as a way of collecting primary data. The data collected was classified into meaningful categories (coded), edited and tabulation of the same was done.

Findings and Conclusion

Procurement Planning

The first objective of the study was to evaluate the extent to which procurement planning affect the implementation of public procurement processes. The following sub-section presents a summary of the findings.

The respondents were asked whether procurement planning sets in motion the entire procurement process in the department. The findings indicated that majority of the respondents (52.7%) strongly agreed that procurement planning sets in motion the entire procurement process in the department, 27.8% agreed, 2.8% were neutral on the issue, 11% disagreed while 5.7% strongly disagreed that procurement planning sets in motion the entire procurement process in the department. This implies that procurement planning is important in implementing procurement process because it set motion the entire process. The findings of this study concurs with a study done by Basheka (2004) which found out that procurement planning is one of the primary functions of procurement with a potential to contribute to the success of local government operations and improved service delivery. It is also a function that sets in motion the entire acquisition/procurement process of acquiring services in local governments.

Further the study sought to find out whether budget approval is obtained for the required items before purchase is made. The findings indicated that majority of the respondents (58%) strongly agreed that budget approval is obtained for the required items before purchase is made, 25% agreed,11% disagreed with the matter while 6% strongly disagreed that budget approval is obtained for the required items before purchase is made. This is an indication that before any purchases are made proper procurement planning is done and the budget is approved by the required authorities.

The researcher wanted to know whether the user departments clearly specify when to utilize the required goods and services. The findings indicated that 33.3% of the respondents strongly agreed that the user departments clearly specify when to utilize the required goods and services, 27.8% agreed, 5.5% were neutral while 16.7% disagreed and strongly disagree with the matter simultaneously. This is an indication that the department plans on the right time to utilize the required goods and services.

The respondents were asked whether funds are availed before planning is done. The findings indicated that 69% of the respondent strong agreed that funds are availed before planning is done, 22% agreed, 6% disagreed on the issue while 3% strongly disagreed that funds are availed before planning.This implies that planning is done before the funds are released for implementation. Further the study sought to know whether the top management is involved in the procurement planning, the findings revealed that 33.3% of the respondents strongly agreed that the top management is involved in the procurement planning, 30.6% agreed, 5.6% were neutral on the issue,16.7% disagreed while 13.8% strongly disagreed that the top management is involved in the procurement planning. This concurs with Robbins, (2001) who argued that

planning implies that managers think through their goals and actions in advance and that their actions are based on some method, plan or logic rather than on a hunch and that their duties encompasses defining procurement goals, establishing an overall strategy for achieving those goals, and developing a comprehensive hierarchy of plans to integrate and coordinate the procurement activities.

To find out whether market capability analysis is carried out, the respondents were asked to indicate whether market capability analysis is carried out to determine where to procure from. The findings indicated that 27.8% of the respondents strongly agreed that market capability analysis is carried out, 30.5% agreed, 8.4% were neutral, 19.5% disagreed while 13.8% strongly disagreed. This is an indication that the procurement department carries out marker analysis capability before procurement is done. Further the researcher wanted to find out whether the management conducts a thorough needs assessment for goods and services. The findings indicated that 25% of the respondents strongly agreed that a thorough needs assessment for goods and services is done, 41.7% agreed, 13.8% were neutral on the matter, 8.4% disagreed while 11.1% strongly disagreed that a thorough needs assessment is undertaken by respective heads for goods and services. This is an indication that before any procurement is done a though need assessment is done and this in return helps in procurement planning.

Table 1: Procurement Planning

	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree	Total
Procurement planning sets in motion the entire Procurement process in the department.	52.7 % (19)	27.8% (10)	2.8% (1)	11% (4)	5.7% (2)	100% (36)
Budget approval is obtained for the required Items before purchase are made.	58% (21)	25% (9)	0% (0)	11% (4)	6% (2)	100% (36)
The user departments clearly specify when to utilize the required goods and services	33.3% (12)	27.8% (10)	5.5% (2)	16.7% (6)	16.7% (6)	100% (36)
Funds are availed before planning is done	69% (25)	22% (8)	0% (0)	6% (2)	3% (1)	100% (36)
Top management is involved in the procurement planning	33.3% (12)	30.6% (11)	5.6% (2)	16.7% (6)	13.8% (5)	100% (36)
Market capability analysis is carried out to determine where to procure from	27.8% (10)	30.5% (11)	8.4% (3)	19.5% (7)	13.8 (5)	100% (36)
Thorough needs assessment is undertaken by respective heads for goods and services	25% (9)	41.7% (15)	13.8% (5)	8.4% (3)	11.1% (4)	100% (36)

Record Management System

The second objective of the study was to determine to what extent record management affect the implementation of public procurement processes in the procurement department. In this subsection various factors were hence identified and considered where the study sought to find out the accuracy of records in the department. The findings indicated that 69% of the respondents strongly agreed that the Meru county procurement department as an accurate record management system, 22% indicated that they agree, 6% disagreed while only 3% strongly disagreed that the Meru county procurement department as an accurate record management system. This is an indication that the department is well prepared with the mechanism to ensure that all the data records are accurate.

Further the study sought to find out whether the data coded is very accurate. The findings indicated that 33.3% of the respondents strongly agreed that the data coded is very accurate, 25% agreed, 5.6% were neutral, 16.7% disagreed while 19.4% strongly disagreed that the data coded is very accurate. This study concurs with Bolton (2006) who noted that a sound record management system is a vital aspect of ensuring data accuracy, transparency, accountability and responsibility in the procurement process. He further argued that it can reduce vulnerability to legal challenge on financial loss and promote efficiency in terms of human and space resources through greater coordination of the information use, maintenance and control.

The respondents were asked to indicate whether the management is committed on ensuring the accuracy of the data. The findings indicated that 52.7% strongly agreed that the level of top management commitment on accuracy of record keeping is very high, 30.5% agreed, 8.4% disagreed while 8.4% strongly disagreed on the issue. Further 27.8% of the respondents strongly agreed that there is a high percentage of accuracy of procurement records produced, 30.5% agreed, 8.4% were neutral, 19.5% disagreed while 13.8% strongly disagreed on the matter. Therefore this study agrees with Parasuraman, (2008) who argued that data accuracy and proper record keeping is a must if there is to be good governance in public entities in procurement process. He further indicated that in cases where records are poorly managed companies have lost a lot of revenue and if not well managed could lead to business claims or poor governance.

The study sought to find out the level of accuracy and reliability of procurement records kept. The findings indicated that 16.6% of the respondents strongly agreed that the accuracy and reliability of procurement records kept is very high 19.4% agreed, 8.4% were neutral, 36.1% disagreed while 19.5% strongly disagreed that the accuracy and reliability of procurement records kept is very high. Further the findings showed that 66.7% of the respondents strongly agree that the department complies with record keeping rules and regulation, 25% agreed, 5.6% disagreed while 2.7% strongly disagreed that the department complies with record keeping rules and regulation. This implies that the department complies with record keeping rules and regulation.

Record Management System

Table 2: Record management system

	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree	Total
There is accuracy of records keeping systems	69% (25)	22% (8)	0% (0)	6% (2)	3% (1)	100% (36)
There is a high rate of record management systems in relation to public procurement	36.1% (13)	38.9% (14)	0% (0)	13.9% (5)	11.1% (4)	100% (36)
The data coded is very accurate	33.3% (12)	25% (9)	5.6% (2)	16.7% (6)	19.4% (7)	100% (36)
Level of top management commitment on accuracy of record keeping is very high	52.7% (19)	30.5% (11)	0% (0)	8.4% (3)	8.4% (3)	100% (36)
There is a high percentage of accuracy of procurement records produced	27.8% (10)	30.5% (11)	8.4% (3)	19.5% (7)	13.8% (5)	100% (36)
The level of accuracy and reliability of procurement records kept is very high	16.6% (6)	19.4% (7)	8.4% (3)	36.1% (13)	19.5% (7)	100% (36)
There are compliances of record keeping rules and regulation in the department	66.7% (24)	25% (9)	0% (0)	5.6% (2)	2.7% (1)	100% (36)

Information Communication Technology

The third objective of the study was to determine to what extent information communication technology affect the implementation of public procurement processes in the procurement department. The study sought to find out whether all the staffs are computer literate. The findings indicated that 13.8% of the respondent strongly agreed that all the staffs are computer literate, 5.6% agreed, 52.8% disagreed that all the staffs are computer literate while 27.8% strongly disagreed with the matter. This implies that majority of the staffs are not well equipped with the procurement information system and this may negatively affect the procurement processes. Further majority of the respondents (55.5%) strongly agreed ICT has improved the speed with which the department procure its goods and services, 25% agreed, 13.9% disagreed on the matter while 5.6% strongly disagreed that ICT improves speed.

The study sought to find out whether ICT has increased the level of transparency and accountability. The study indicated that 33.3% of the respondents strongly agreed that ICT has increased the level of transparency and accountability, 27.8% agree with the matter, 5.5% were neutral while 16.7%strongly disagreed that that ICT has increased the level of transparency and accountability. Further the respondents were asked to indicate the level of procurement systems

usage. The findings indicated that 13.8% of the respondents strongly agreed that the level of procurement system usage is very high, 11.1% agreed, 5.5% were neutral, 41.6% agreed while 28% strongly disagreed that the level of procurement system usage is very high. This implies that the department does not utilize fully the system installed.

The researcher wanted to know whether ICT ease the operations in the department. The findings indicated that 44.3% of the respondents strongly agreed that ICT ease the operations, 28% agreed, 11.1% disagreed while 16.6% strongly disagreed that ICT ease the operations in the department. This is an indication that ICT has an impact on the implementation of procurement process. Further the researcher wanted to know whether ICT is updated regularly for better performance. The findings indicated that 25% of the respondents strongly agreed that ICT is updated regularly for better performance, 41.7% agreed, 13.8% disagreed while 11.1% strongly disagreed with the matter. This means that the Information Communication Technology is updated regularly for better performance as shown in table 3 below.

	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree	Total
All staffs are computer literate	13.8% (5)	5.6% (2)	0% (0)	52.8 % (19)	27.8 % (10)	100% (36)
ICT has improved the speed with which the department procure its goods and services	55.5% (20)	25% (9)	0% (0)	13.9% (5)	5.6% (2)	100% (36)
ICT has increased the level of transparency and accountability	33.3% (12)	27.8% (10)	5.5% (2)	16.7% (6)	16.7% (6)	100% (36)
The department embraces the use of ICT	16.7% (6)	22.2% (8)	11.1% (4)	27.8% (10)	22.2% (8)	100% (36)
The level of procurement systems usage is very high	13.8% (5)	11.1% (4)	5.5% (2)	41.6% (15)	28% (10)	100% (36)
ICT ease the operations in the department	44.3% (16)	28% (10)	0% (0)	11.1% (4)	16.6% (6)	100% (36)
The ICT is updated regularly for better performance	25% (9)	41.7% (15)	13.8% (5)	8.4% (3)	11.1% (4)	100% (36)
The department is well automated for better implementation of procurement processes	69% (25)	22% (8)	0% (0)	6% (2)	3 % (1)	100% (36)

Table 3: Information Communication Technology

Transparency

The fourth objective of the study was to find out to what extent transparency affects the implementation of public procurement processes. The findings indicated that 55.6% of the respondents strongly agreed that transparency affects the implementation of public procurement processes in the procurement department, 27.8% agreed, 11% disagreed on the issue, 5.6% strongly disagreed that transparency affect the implementation of public procurement processes.

Further the researcher wanted to find out whether procurement process upholds integrity by ensuring that there are no malpractices, the findings indicated that 30.5% strongly agreed with the matter, 25% agreed, 13.9% were neutral, 16.7% disagreed while 13.9% strongly disagreed that procurement process upholds integrity by ensuring that there are no malpractices. This is an indication that the whole procurement process upholds integrity by being transparent. As ascertained by Stiglitz, (2006) transparency protects the integrity of the procurement process and the interest of the organization, stakeholders, and the public.

Concerning tenders, the researcher wanted to know if they are issued transparently. The findings indicated that majority of the respondents (69.5%) strongly agreed that tenders are issued transparently, 22.2% agreed with the matter, 5.6% disagreed while 2.7% strongly disagreed that the tenders are issued transparency. This is an indication that the department issues tenders transparency. Further the study findings indicated that 27% of the respondent strongly agreed that the department maintains transparency to enhance openness and clarity on procurement policy and its deliveries, 22.2% agree, 5.6% were neutral, 25% disagreed while 19.4% strongly disagreed with the matter. This implies that the department maintains transparency to enhance openness and clarity on procurement policy and its deliveries.

The study sought to find out whether weak enforcement measure of procurement law contributes to lack of transparency. The finding indicated that 41.6% strongly agreed that weak enforcement measure of procurement law contributes to lack of transparency, 33.3% agreed, 13.9% disagreed while 11.2% strongly disagreed with the matter. Further 27.8% of the respondents strongly agreed that moral degradation in the ministry is a cause of unethical conducts, 30.5% agreed, 8.3% were neutral, 11.2% agreed while 22.2% strongly disagreed with the matter.

Table 4: Transparency

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Total
Transparency affects the implementation of public procurement processes in the procurement department	55.6% (20)	27.8% (10)	0% (0)	11% (4)	5.6% (2)	100% (36)
Procurement process upholds integrity by ensuring that there are no malpractices.	30.5% (11)	25% (9)	13.9% (5)	16.7% (6)	13.9% (5)	100% (36)
Are the tender's issues transparently	69.5% (1)	22.2% (2)	0% (0)	5.6% (8)	2.7% (25)	100% (36)
The department maintains transparency to enhance openness and clarity on procurement policy and its deliveries	22.2% (7)	27.8% (9)	5.6% (2)	25% (10)	19.4% (8)	100% (36)
Weak enforcement measure of procurement law contributes to lack of transparency	41.6% (15)	33.3% (12)	0% (0)	13.9% (5)	11.2% (4)	100% (36)
Moral degradation in the department is a cause of unethical conducts.	27.8% (10)	30.5% (11)	8.3% (3)	11.2% (4)	22.2% (8)	100% (36)

Summary

Does procurement planning affect the implementation of procurement process in Kenya?

The findings indicated that majority of the respondents (52.7%) strongly agreed that procurement planning sets in motion the entire procurement process in the department with the least percentage strongly disagreed. This implied that procurement planning is an important aspect in implementing procurement process because it set motion the entire process.

Do records management systems affect the implementation of procurement processes in Kenya?

Concerning record management systems, the findings indicated that 69% of the respondents strongly agreed that the Meru county procurement department as an accurate record management system and that the data coded is accurate. This is an indication that the department is well prepared with the mechanism to ensure that all the data records are accurate.

To what extent does information communication technology affect the implementation of public procurement processes in Kenya?

The study sought to find out whether all the staffs are computer literate. The findings indicated that 52.8% of the respondents disagreed that all the staffs are computer literate. This implies that majority of the staffs are not well equipped with the procurement information system and this may negatively affect the procurement processes

How does transparency affect the implementation of public procurement processes in Kenya?

The findings indicated that 55.6% of the respondents strongly agreed that transparency affects the implementation of public procurement processes in the procurement department. Further the researcher wanted to find out whether procurement process upholds integrity by ensuring that there are no malpractices, the findings indicated that 30.5% strongly agreed with the matter and this is an indication that the whole procurement process upholds integrity by being transparent.

Conclusions of the Study

Based on the research findings it is logical to conclude that the implementation of public procurement processes in public sector can be achieved. Drawing on this research, effective implementation of public procurement processes in Meru county procurement department is affected by procurement planning followed by transparency and then record management and ICT are the major factors.

It is logical to conclude that the current phenomenon of procurement performance in public sector can be reversed if the public procuring entities ensure that there is transparency in procurement procedure, use of professionals and ensuring quality sourcing and proper record keeping.

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