

INFLUENCE OF PROCUREMENT PROCESS ON PERFORMANCE OF STATE CORPORATIONS IN KENYA

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Purpose: *The main objective of this study was to determine influence of procurement process on performance of State Corporations in Kenya*

Materials and methods; *the study adopted the descriptive research design and the unit of analyses was all the State Corporations in Kenya under while unit observation comprised of procurement and contract officers assigned with procurement responsibilities comfortably provide a sampling frame for this study and the unit of analysis was procurement and contract officer. The study collected primary data for analysis; primary data was obtained by the use of structured questionnaires. The collected research data was checked for any errors and omissions, coded, defined and then entered into Statistical Package for Social Science. Descriptive statistics including frequency, percentages, means and standard deviation was to analyses the findings. Descriptive statistics was used to portray the sets of categories formed from the data. The mean, standard deviation and variance on the dependent and independent constructs was used to show how clustered or dispersed the constructs are. Descriptive statistics enabled the researcher to meaningfully describe a distribution of measurements*

Results: *The study established that Disposal Act implantation in State Corporations in Kenya the procurement process management involves managing the ordering, receipt, review and approval of items from suppliers. A procurement process also specifies how the supplier relationships were managed, to ensure a high level of service is received. This is a critical task in State Corporations Procurement Management*

Recommendations: *The study recommends State Corporations in Kenya need to implement a Procurement Process any time the public entity want to buy items from external suppliers. By using this Procurement Management Process, State Corporations ensure that the items provided meet Organisation needs need. It also helps State Corporations manage the supplier relationship, ensuring that any issues are resolved quickly.*

Keywords: *Procurement, process, Specification Development, Procurement Regulations, Procurement approvals*

1.0 INTRODUCTION

The study analyzed the Influence of the Public procurement asset and disposal Act 2015 on performance of State Corporations in Kenya. Specifically, this chapter provides information of Public procurement first on the global perspective then narrows down to regional perspectives and then finally to local perspectives. It

highlights on the background information, statement of the problem, general and specific objectives, and research questions, justification of the study and the scope of the study.

According to Amemba, & Mburu (2013), defines that Public procurement is essentially the purchase of goods and services by governments and state-owned enterprises. It encompasses a sequence of related activities. Consists of the whole processes of acquiring goods and services and it starts with identification of needs and preparing the procurement plan and the procurement method. It also includes risk assessment, identification and evaluation of alternative solutions, contract award and management, receiving the procured property or obtaining the services and settling of payments (Apiyo & Mburu, 2014). Astbrink & Tibben (2013) states that Public procurement involves the process that leads to large amounts of public funds being utilized by public entities to purchase goods and services from the private sector to run public functions. Global statistics indicate that public procurement accounts for 4.5 per cent of developing countries' Gross Domestic Product (GDP) as governments tend to be the largest single consumers of goods and services in most countries. Therefore, unless the procurement process is monitored, public institutions would lose huge sums of resources to fraudulent deals leading to loss of public resources

The Kenyan procurement process as detailed in the Public Procurement and Assets Disposal Act 2015 and Regulations involves several steps. This includes identification of requirements; procurement planning; definition of requirements; determination of source; evaluation and selection of vendor; contract award; contract implementation; payment for goods and services; and disposal (Chebet & Kwasira, 2016). In January 2016, the Public procurement asset and disposal Act, 2015 (the Act) was enacted. This massively changed the mandate of the Public Procurement Oversight Authority (PPOA) as it largely assumed the regulatory function which then transited to Public Procurement Regulatory Authority (PPRA). The Act establishes the Public Procurement Regulatory Authority among other functions, to monitor, assess and review the public procurement and Asset Disposal system to ensure they respect the National values and other provisions including Article 227 of the constitution on public procurement (Government of Kenya, 2015)

According to Chimwani, & Tirimba (2014) to ensure transparency and accountability the integrity and transparency of a public procurement system is premised on a number of control mechanisms. These mechanisms include an effective control and audit system, an efficient appeals mechanism, a comprehensive information sharing system enabling civil society and interested stakeholders to conduct social audits, and effective ethics and anti-corruption measures. Without such control mechanisms, flaws in the procurement system may not be detected and addressed. The procurement Act is constitutionally approved and it is used in all public sector organizations to help promote transparency and accountability. Public procurement Act is document that spells out the procedures that all public sector organizations must go through before acquiring goods, works or services above a certain minimum amount. It could be explained as a method of acquiring goods, works and services with the use of public funds or money (Chesang, 2013).

1.1.1 Global Perspective of Public procurement asset and disposal Act

Different countries across the globe have adopted various tools to reduce corruption while reinforcing competition and efficiency in procurement procedures. Over 40 countries have commitments between civil society and government to make government procurement more open through the Open Government Partnership (Ignazio, 2010). Several countries including Colombia, Canada, Mexico and Romania are implementing the Open Contracting principles. Colombia, Georgia, Korea, Slovakia and the United Kingdom are innovatively using technology to increase the transparency and effectiveness of procurement processes

through online platforms. Mongolia, Mexico and the Philippines have institutionalized roles for civil society participation and monitoring of public contracting in the legal and regulatory framework. Guinea and Liberia have created centralized portals for the disclosure of contracts related to extractive industries (Yi-Ming Tai, 2013).

The government of Ghana embarked on procurement and financial management reforms for the public sector in 1996. As consequence of these reforms, the public procurement Act 2003, (Act 663) was promulgated in order to streamline and harmonize procurement rules, regulations and practices in the public sector (Oppong, 2013). The objective of the improved public procurement and financial management system were better economy, efficiency, accountability and transparency. It is expected that the reported corrupt practices in the procurement of goods, works and services would be curbed and the capacity of the government of Ghana enhanced. At the same time, the government would be enabled to fulfill its long term strategies of economic growth and poverty reduction. In short, Act 663 was designed to ensure judicious, economic, and efficient use of limited state resource. The government of Ghana Integrity Pacts is essentially an agreement between the government agency offering a contract and the companies bidding for it that they will abstain from bribery, collusion and other corrupt practices for the extent of the contract. To ensure accountability, Integrity Pacts also include a monitoring system typically led by civil society groups. Only companies that certify that they meet anti-corruption commitments are eligible for contract awards (Oppong, 2013).

In Hong Kong, government procurement is conducted under the Stores and Procurement Regulations (SPR), issued as administrative regulations under the Public Finance Ordinance (PFO). Financial circulars supplement these provisions. The SPR set out the steps on the whole procurement process including drawing up requirements and specifications of services required, issue of public notice of tender invitation, information to be included in the tender documents such as tender specifications (Denison, & Yusuf, 2013).

1.1.2 Regional Perspective of public procurement asset and disposal Act

Rwanda's public procurement market is estimated to account for approximately 18 per cent of the country's GDP. The exact figures on key purchasers in the Rwandan economy are hard to come by, but the government's most recent budget execution report provides an indication of the key spenders. In terms of this report, spending in the education sector, which accounted for the largest share, was estimated at 18.5 per cent of the government's. In order to ensure that there is compliance with procurement rules, the Rwandan procurement Act and its accompanying regulations contain penalties applicable in case of breach of public procurement rules (Madenas & Woodward, 2014). The enforcement rules contained in the Act first and foremost make reference to the general penal code, as well as to other pieces of legislation that were mentioned in section 2.3 of the act. These laws include the law aimed at the prevention, suppression and punishment of corruption and related offences, and the general statute governing civil servants, including the code of ethics for civil servants during the procurement process for acquiring materials and services.

The Ethiopian public procurement system having the objective to achieve better transparency, efficiency, fairness and impartiality in public procurement and to enable the utilization of the large sum of public money spent on procurement in a manner that ensures greater economy and efficiency, the Federal Democratic Republic of Ethiopian (FDRE) government established a public procurement proclamation. The proclamation describes the basic procedures and methods of public procurement and has established an independent public procurement control and oversight Entity. According to GetnetAmdework & TilahunAemro (2014), states that the Ethiopian Public Procurement and Property Administration Agency (PPA) as mandated in the Proclamation

PPA issued Public Procurement Manual. The manual state that in the public procurement plan, the user department must raise the procurement needs; this need has to acquire specification/Terms of Reference of Requirements; it should be clear, precise, complete and well understood. The specification is further being refined and clarified, by the procuring department, as per the pertinent rules and regulation (PPA, 2011). The Procurement manual also state that except otherwise provided in this proclamation, the procuring entity shall use open bidding as the preferred procedure of procurement (YirgaTeshfahun, 2011).

1.1.3 Kenya perspective of The Public procurement asset and disposal Act

Public procurement in Kenya is governed by the Public procurement asset and 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 (Government of Kenya. 2010). Article 227 of the 2010 Constitution of Kenya provided for new standards for public procurement. This article requires public procurement to be set up in a manner that is fair, equitable, transparent, competitive, and cost effective. It also set requirements for the Kenyan parliament to pass procurement regulations that would provide for preferential allotment of contracts and protection for disadvantaged groups. It also have to pass regulations that would provide for sanctions for non-performing contractors and those found guilty of corruption, tax violations, or labor law violations (Ndumbi & Okello, 2015).

The Public Procurement Oversight Authority was established by the Public Procurement and Disposal Act of 2005. The Public Procurement and Disposal Act of 2005 also established the Public Procurement Advisory Board (PPAB), the continuance of the Public Procurement Complaints, Review and Appeals Board as the Public Procurement Administrative Review Board (PPARB) (PPOA, 2010)

Public procurement in Kenya is guided by several laws enacted to weed out inefficiencies in the procurement process, remove patterns of abuse, and the failure of the public purchaser to obtain adequate value in return for the expenditure of public funds. Such laws include the Public procurement asset and disposal Act, 2015, Public Finance Management Act, 2012, the Public Officers' Ethics Act, 2003 among others. The objective of having these laws has never been fully achieved in practice (Government of Kenya, 2015).

1.1.4 Performance of State Corporations in Kenya

To operationalize the concept of good governance and to push towards zero tolerance of corrupt practices to achieving Kenya vision 2030 State Corporations in Kenya the Public Procurement Act, 2015 was enacted by the government of Kenya to address the real and perceived weaknesses in the public procurement of goods, works, and services (Amayi, & Ngugi ,2013) . The Public Procurement Act established the Public Procurement Regulatory Authority responsible for the monitoring and oversight of public procurement. Through the implementation of the act led to harmonizing the existing government procurement policies and practices by regulating, setting standards and developing the legal framework and professional capacity for public procurement in State Corporations. The aims are to build and sustain an efficient country procurement system that meets international best practices and also to professionalize the process of procurement that ensures transparency, efficiency, competition, integrity and value for money to support national growth and development (Gikonyo, 2014).

According to (Ethics & Anti-Corruption Commission, 2015) the concept of accountability in public procurement involves two stages, answerability and enforceability. Answerability refers to the obligation of

the government, its agencies and public officials to provide information about their decisions and actions and to justify them to the public and those institutions of accountability tasked with providing oversight. Enforceability on the other hand suggests that the public or the institution responsible for accountability can sanction the offending party or remedy the contravening behaviour. As such, different institutions of accountability must be responsible for either or both of these through the implementation and operationalization of the procurement act accountability as a requirement which subjects public officers to detailed scrutiny by the legislature over objectives, use of resources and manner of performance (Kiage, 2013). It also sees accountability as a process whereby one renders an account of his activities to someone who has the power to ask for it and also evaluate and rewards one's performance. According to (Government of Kenya, 2015) accountability is the duty to truthfully and transparently do ones duty and the obligation to allow access to information by which the quality of such services can be evaluated and being responsible and answerable to someone for some action

Customer satisfaction is formed and influenced by various factors, which in turn affect company performance. From the perspective of the company and its management, it is essential that the business can directly or indirectly affect at least some factors of customer satisfaction. It is, therefore, vital for the public sector management to identify the factors of customer satisfaction and, when possible, to influence them so that the public performance of the state's corporations may increase (Daniel, 2014).

1.1. 5 State Corporations In Kenya

The State Corporation Act of Kenya, CAP 446 of 1986 defines a state corporation as a body established by the Government to carry out a specific function. State Corporations are regarded as government vehicles for conducting business. They could either be permanent or temporarily established. State corporations are also referred to as Executive agency or Semi- Autonomous Government Agencies (Government of Kenya. 2010).

The parastatals are a legal entity created by a government to undertake commercial activities on its behalf. These are also referred to as a public sector or state corporation that is that part of the economy that is controlled by the government for providing basic government services (Orina, 2013). The government owned corporation, state owned company, state owned entity, state enterprise, publicly owned corporation, government business enterprise and commercial government agency and state corporations is a legal entity created by a government to undertake commercial activities on behalf of an owner government (Government of Kenya, 2010).

The Ministry Departments use standard procurement and asset disposal documents prescribed under Public procurement asset and disposal Act 2015 in all procurement and asset disposal proceedings. The tender documents used by a procuring entity pursuant to subsection shall contain sufficient information to allow fair competition among those who may wish to submit tenders. An accounting officer of a procuring entity is being responsible for preparation of tender documents in consultation with the user and other relevant departments. State Departments may charge a fee for obtaining tender documents as prescribed by regulations and stated in the tender documents (Public procurement asset and disposal Act, 2015).

As part of its mandate under the Act, Public Procurement Regulatory Authority the apex body with the oversight responsibility of public procurement in Kenya, has developed regulation and manuals that provide detailed and step by step information as a guide for effective implementation of the Act (Kiplagat, 2010). To meet international standard and best practices; and to ensure cost effectiveness and transparency, web-based procurement planning software IFMIS that seek to standardized the formats of entities to ensure timely delivery and receipt of procurement plans has also been developed State Corporations in Kenya.

1.2 Statement of the Problem

The Public Procurement Regulatory Authority estimated in 2015 that procuring entities in State Corporations in Kenya were paying around 60% more than prevailing market prices. This signals that there is a noncompetitive procurement market in Kenya. It is estimated that 25% of State Corporations in Kenya expenditure could be saved through the proper implementation of procurement and disposal of assets laws. A reform of the legal framework for public procurement is indeed long overdue. Corruption in State Corporations in Kenya procurement covers an array of irregularities and illegal acts characterized by intentional deception. This fraud take place at all points in the procurement process (Ethics & Anti-Corruption Commission, 2015).

Further analysis indicates that the sub sequent stage where the 43 cases of violations occur with regards to subsequent procurement stages. Findings show that out of 63% of the cases of violations that occur in the Post award stage, most are related to Contract Management. 39 % Order and payment 22% Contract award 20 % At the Pre-tendering stage, major cases of violations happen at the choice of procurement procedure stage 12% while the Bids submission has approximately 7% points of the cases (Amemba, & Mburu, 2013).

This is shown to be very significant and it increases over time from Ksh 512 billion to Ksh 932 billion, 82% rise. The Auditor General as the amount involving procurement related transactions that did not adhere to various procurement regulations. The findings show that the amount queried is significant; in 2015/16 the queried amount totaled to Ksh 0.8 billion, compared to Ksh 1.3 billion the previous year and Ksh 0.4 billion in 2013/14. This works out to an average of Ksh 0.8 billion annually. As a share of the total; in 2015/16 the queried amount comprised 0.74%, representing a decline by 0.5 percentage points. In the context of the entire amount queried, significant public funds are potentially at a risk of loss thus leading majorly to the lack of ascertainment by the auditor general as to whether the government obtained value for money (Daniel, 2014).

To properly deal with procurement corruption requires State Corporations in Kenya need to focus on the entire procurement process and develop an understanding of the high risk areas of the procurement process that are prone to fraud by implementation of the Public procurement asset and disposal Act . Hence the study will fill this gap by establishing the Influence of the Public procurement asset and disposal Act on performance of State Corporations in Kenya

1.3 Research Objectives

1.3.1 General Objective

Influence of the public procurement asset and Disposal Act on performance of State Corporations in Kenya

1.3.2 Specific Objectives

The specific objectives of this study were as follows.

- i.** To determine the influence of Specification Development on performance of State Corporations in Kenya.
- ii.** To establish the influence of Procurement Regulations on performance of State Corporations in Kenya.
- iii.** To determine the influence of Procurement approvals on performance of State Corporations in Kenya.

LITERATURE REVIEW

2.1 Introduction

This chapter presented previous studies that have been done, and theories advanced towards Public procurement asset and disposal Act Therefore, it has theoretical review focusing on theories that explain Public procurement asset and disposal Act, secondly it has the empirical review of the studies that have been done on Public procurement asset and disposal Act a conceptual framework included to summarize the literature reviewed

2.2 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 Kumar *et al.*, (2005) good research should be grounded in theory (Vonderembse & Tracey, 2009). This study was be guided by Institutional Theory on Supply Chain, Agency Theory, Contingency Theory and Relational Contract Theory.

2.2.1 Institutional Theory

The study was based on Institutional Theory in establishing influence of Procurement Process on performance of State Corporations in Kenya. According to Scott (2004); institutions are composed of cultural-cognitive and regulative elements that, together with associated activities and resources give meaning to life. The author explains the three pillars of institutions as regulatory, normative and organization cultural cognitive. The regulatory requirements insist that the use of rules, laws and sanctions as enforcement mechanism, with expedience as basis for compliance. The normative pillar refers to norms and values social obligation being the basis of compliance. The cultural-cognitive pillar rests on shared believing (common beliefs, symbols, shared understanding). In Kenya, public procurement has is guided by the PPDA Act (2015), regulations and guidelines which are from time to time issued by the PPDA Authority only and which must have complied with to the latter by all PPOA and providers. According to Apiyo, and Mburu, (2014). The list of rules that need to be followed while reviewing, ordering, obtaining, and paying for goods/services. Checkpoints/steps increase with the complexity of the purchase.

The theory is relevant for the study since there is need for recruitment of procurement teams who are ready to uphold procurement ethics have positive attitude and adhere to guidelines from past litigations, this was geared towards adherence to Procurement procedures and adopt use of Public Procurement Act. Every procurement management process involves several elements, including requirements determination, supplier research, value analysis, raising a purchase request, reviewed phase, conversion to purchase order, contract administration, monitoring evaluation of received order, three-way matching, payment fulfillment, and record keeping. These are the important stages in the procurement process flow (Badaso, 2014). Thus, this theory supports the variable of procurement process by stipulating that institutions need to change the ways of doing things. A fundamental premise of institutional theory is that it explains why companies often adopt similar responses and practices.

2.3.1 Procurement Process

According to Barasa, (2014) defines that Procurement is the process of finding, agreeing terms, and acquiring goods, services, or works from an external source, often via a tendering or competitive bidding process. The process is used to ensure the buyer receives goods, services, or works at the best possible price, when aspects

such as quality, quantity, time, and location are compared. Corporations and public bodies often define processes intended to promote fair and open competition for their business while minimizing risk, such as exposure to fraud and collusion.

Developing the specification detail to ensure consistency on pricing, product quality, operational functionality and products are fit for purpose in order to reduce the financial impact of the wrong specification further down the line. This is also a fair process for suppliers to ensure they are quoting on a like-for-like basis (Chesang, 2013). Procurement Regulations Government procurement or public procurement is the procurement of goods, services and construction on behalf of a public authority, such as a government agency. Laws usually require the procuring authority to issue public tenders if the value of the procurement exceeds a certain threshold (Chimwani, & Tirimba 2014).

According to defines that (Christopher & Kepha, 2015) Procurement approval system encompasses control and direction for an organization's procurement function via a framework of formal structures, mandates, policies, operating procedures, delegations and other decision -rights. Procurement approval is essential in building procurement capability and ensuring the benefits from strategic procurement activities are maximized corporately, as well as keeping the auditors at a distance (Cook, 2015).

2.3.5 Performance of State Corporations in Kenya

According to Nyambura & Mwangi, (2015). defines that organizational performance encompasses specific areas of firm outcomes which include financial performance, quality output for a product market performance and shareholder return total shareholder return, economic value added. Organizational performance involves the recurring activities to establish organizational goals, monitor progress toward the goals, and make adjustments to achieve those goals more effectively and efficiently (McKeown, & Bradner, 2014). Those recurring activities are much of what leaders and managers inherently do in their organizations. Organizational performance includes regular recurring activities to establish organizational goals, monitor progress toward the goals, and make adjustments to achieve those goals more effectively and efficiently. Typically, these become integrated into the overall recurring management systems. ((Brammer & Walker, 2011).

Apiyo& Mburu (2014). Performance management focuses on enhancing organizations systems including people to increase an organization's capacity for performance. Includes extensive use of principles of systems theory. In and of it, this is not an overall comprehensive process assured to improve performance. Its effectiveness toward reaching overall results for the organization depends on how well the enhanced ability to learn is applied in the organization (Adusei, & Awunyo, 2015).

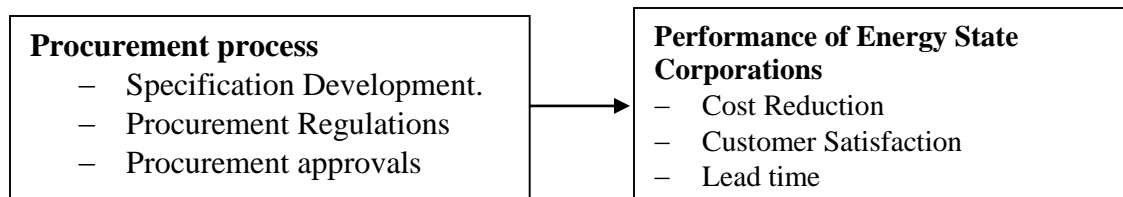
According to Chebet (2013). provides that Performance Management (PM) is more than the end of the year appraisal. It's about translating goals into results. Performance Management focuses not only on individual employees but also on teams, programs, processes and the organization as a whole. A well-developed PM program addresses individual and organizational performance matters necessary to properly create and sustain a healthy and effective results-oriented culture. Amayi, & Ngugi, 2013) explains that Public agencies have a greater challenge to define and measure results than private sector organizations, whose results are almost exclusively tied to financial goals. Public agencies are also required to comply with complex regulations that govern their performance management programs. Effective PM will help your organization raise individual performance, foster ongoing employee and supervisor development, and increase overall organizational effectiveness (Ackah & Enu, 2014).

2.4.1 Procurement Process

According to studies carried by Kioko & were (2014). Factors affecting efficiency of the procurement function at the public institutions in Kenya the study established that Efficiency of public procurement procedure strongly depends on the level of competition in public contracts. This, in turn, requires wide participation of bidders. In such a situation, designing tenders with conditions that severely limit the number of potential bidders or awarding contract on nomination basis without following the normal tendering process seriously jeopardizes the spirit of competitive neutrality (Lysons & Farrington, 2012).

The study found that overall, procurement process, as any economic activity, records during its course various influences, both positive and negative, leading ultimately to achieving the expected and less desirable results (Jerome & Mathias, 2014). These factors can be exogenous such as political, economic, demographic, social and even military, but also endogenous, such as coverage of needs through the budget of an institution, the management strategy, the institutional structuring command chain length. The remaining proposals are then reviewed on their technical merit, and scored accordingly. When this process is completed, there is usually a supplier or two that would have a lead. The next part is to review the financial submission. At this point, the committee looks at the technical solution and financial submission to determine which proposal will deliver the greatest value for money (Kiama, 2014).

2.3 Conceptual Framework



3.0 METHODOLOGY

the study adopted the descriptive research design. Research design is defined as a plan, structure and strategy of investigation conceived to obtain answers to research questions and control variance. a descriptive research design determines and reports the way things are and it is used whenever the data being collected is to describe persons, organizations, settings or phenomena. The design also has enough provision for protection of bias and maximized reliability. This study, the unit of analyses was all the State Corporations in Kenya under while unit observation comprised of procurement and contract officers assigned with procurement responsibilities comfortably provide a sampling frame for this study and the unit of analysis was procurement and contract officer. Stratified sampling was used to get the State Corporations in Kenya for study since they appear under several categories. This guaranteed the desired distribution among the selected subgroups of the population. After having the right strata, the firms were arranged in alphabetical order where simple random sampling was used to arrive at the final respondents. The study collected primary data for analysis; primary data was obtained by the use of structured questionnaires. Pilot test is an activity that assists the research in determining if there are flaws, limitations, or other weaknesses within the interview design and allows the researcher to make necessary revisions prior to the implementation of the study. The collected research data was checked for any errors and omissions, coded, defined and then entered into Statistical Package for Social Science (SPSS Version 24), (Kothari 2011). Descriptive statistics including frequency, percentages, means and standard deviation was to analyses the findings. Descriptive statistics was used to portray the sets of categories formed

from the data. The mean, standard deviation and variance on the dependent and independent constructs was used to show how clustered or dispersed the constructs are. Descriptive statistics enabled the researcher to meaningfully describe a distribution of measurements

RESEARCH FINDINGS ANALYSIS AND DISCUSSION

4.1 Introduction

This chapter discusses the analysis, interpretation and presentation of the findings. The main objective of this study was to determine the Influence of the Public Procurement and Asset Disposal Act on Performance of State Corporations in Kenya. Data was analyzed using descriptive techniques such as means, standard deviation and frequencies. The inferential statistics (correlation and regression analysis) was done to establish the relationship between variables. Data was presented in charts and tables for ease of analysis and interpretations of findings.

4.2 Response Rate

Orodho (2003) defines response rate as the extent to which the final data sets includes all sample members and is calculated as the number of respondents with whom interviews are completed and divided by the total number of respondents in the entire sample including non - respondents. Data was collected using open and close-ended questionnaires. This made it possible to get clear responses from the target population on their perception regarding the role of Public Procurement and Asset Disposal Act on Performance of State Corporations in Kenya The questionnaires to which the final data sets includes all sample members and is calculated as the number of respondents with whom interviews are completed and divided by the total number of respondents in the entire sample including non -respondents. A total of 132 respondents were issued with questionnaires, out of which, 104 questionnaires were filled and returned. This gave the questionnaire response rate of 78.9%. According to Kothari, (2012) a response rate of above 50% is acceptable to analyze and publish. Based on the above assertions, the studies 85.9% response rate was considered adequate for the study.

Table 1: Response Rate

Category	Frequency	Percentage
Questionnaires Completed	104	78.9
Uncompleted Questionnaires	28	21.1
Questionnaires Distributed	132	100

4.3 Results of pilot

Table 2 illustrates the findings of the study concerning the reliability analysis. In this study, reliability was ensured through a piloted questionnaire that was subjected to a sample of 12 respondents. This represented 10% of the sample size. From the findings, the coefficient for Procurement Process was 0.806, Cronbach’s alpha coefficients for Procurement Contract was 0.728, Cronbach’s alpha coefficients for Procurement Methods was 0.795 while Cronbach’s alpha coefficients for Supplier Management was 0.777. This implied that these were greater than 0.7 thresh hold for this study. The finding concurred with those of Creswell (2013), that A pilot test can highlight any adjustments to your evaluation plan that might be necessary to ensure that you are measuring the desired outcomes in the best way possible.

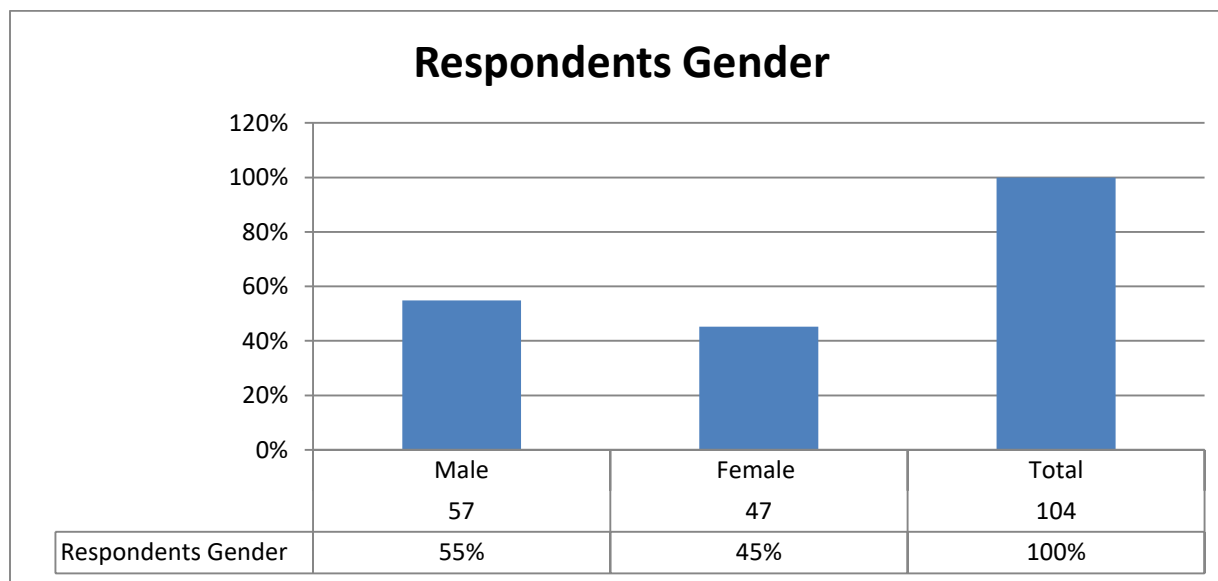
Table 2: Reliability Results

Variable	Cronbach's	No of Item
Procurement Process	.806	13
Procurement Contract	.728	13
Procurement Methods	.795	13
Supplier Management	.777	13

4.4 Demographic information

4.4.1 Respondents Gender

To get a better understanding of the research demographics of the population in general and the sampled population in specific, the study enquired about the gender of the participants. As presented in the figure 4.1 below provides that, 55% of the participants were male, while the remaining 45% were female. This gender composition in the sampled population was relative to the number of male and female employees working in the institution. The studies are in line with those of Halvorson, (2012) that Gender equity means fairness of treatment for women and men, according to their respective needs. This may include equal treatment or treatment that is different but which is considered equivalent in terms of rights, benefits, obligations and opportunities.



4.4.2 Level of education

As observable from the Table 3, majority of the participants had a bachelor’s degree or post graduate diploma. These two categories had a cumulative percentage of 66.4% of the respondents. Participants with a master’s degree only accounted for 20.1% of the respondents and those with college qualification accounted for 13.5 % of the respondents. This implied that with half of the population of all procurement and contract specialists with Post Graduated Diploma and Bachelor’s Degree Along with the educational background Knowledge of public procurement. The study concurred with Lysons & Farrington (2012) that Knowledge of business and management principles involved in strategic planning, resource allocation, human resources modeling, leadership technique, and procurement methods.

Table 3: Education Level of the Respondents

Education level	Frequency	Percent
College	14	13.5
Post Graduated Diploma	25	24.1
Bachelor's Degree	44	42.3
Master's Degree	21	20.1
Total	104	100.0

4.4.4 Job designation of the respondents

In the findings from table 3 below provides that the highest number of office involved were 72.2% of the respondents from Contact management department and 27.8 % of the respondents were from procurement specialist .this implied that the study only engaged procurement specialist and contract officers because they are involved in daily management of contract implement and procurement.Kurt (2014) states that professional services involve providing specialist business support to businesses of all sizes and in all sectors supporting a company with accounting, IT services or providing management advice.

Table 4: Job Designation of the Respondents

Designation	Frequency	Percent
Procurement Specialist	29	27.8
Contract Officers	75	72.2
Total	104	100.0

4.4.5 Respondents Period of Working

From the findings, the respondents had worked at State Corporations in Kenya; as indicated in Table 4.5 below those who had worked for duration of 1 to 5 years were 3.8 % of the respondents t, those who had worked for a period of 6 to 10 years were 29.8 %, those who had for period between 11 to 15 years were 25% of the respondents and those who had worked for over 16 years were 41.4% of the respondents. This is a clear indication that most of the respondents had worked long enough in State Corporations in Kenya; and were well experience in in the requirement of the public procurement process and requirement. The finding in this study are in line with those of Wanjagi, (2013) that Knowledge of relevant equipment, policies, procedures, and strategies to promote effective local, state, or national security operations for the protection of people, data, property, and institutions.

Table 5: Respondents Period of Working

Years	Frequency	Percent
1-5 years	4	3.8
6-10 years	31	29.8
11-15 years	26	25
over 16 years	43	41.4
Total	104	100.0

4.5 Descriptive Analysis

Descriptive statistics are a set of brief descriptive coefficients that summarizes a given data set, which can either be a representation of the entire population or a sample. The measures used to describe the data set are measures of central tendency and measures of variability or dispersion.

4.5.1 Procurement Process

The respondents were requested to indicate their level of agreement with the given statements that relate to the influence of Procurement Process on Performance of State Corporations in Kenya; Kenya and results presented on Table 4.6. A likert scale of 1-5 was used where strongly agree=1, agree=2, not sure=3, disagree=4, and strongly disagree=5. From the findings, majority of the respondents contributed that their firms Generate formal functional specification suitable for submittal as part of the procurement package which was supported by a mean score of 4.05 and standard deviation of 0.74.the respodents to a moderate extend agreed that firm Gather all pertinent and appropriate engineering, performance and maintenance requirements for the works and services which was supported by mean of 3.89 and standard deviation of 0.72.the study revealed that the respondents concurred extremely that their organizations establish conditions of fair competition in public procurement which a mean score of 4.07 and standard deviation of 0.68.

The study established that organizations were providing external parties and suppliers with an understanding of the Procurement Framework as supported by a mean of 4.01 and standard deviation of 0.85.from the study it was observed that The approval requirements for the procurement process are dependent on the value (total potential value) of the proposed contract as was supported by a mean of 4.16 and standard deviation of 0.81.conclusively the respondents concurred that in the organizations they worked for the Procurement team approves the request, the PO is prepared based on the nature of the order which was supported by a mean of 4.13 and standard deviation of 0.82.this implied that for the Organisation to ensure there is accountability in their procurement system the stipulated procurement process must followed when acquiring and good services/works .the finding in this study are in line with those of (Nyambura & Mwangi,2015) who stated that Procurement process begins when a business has a need for a good or service. These goods or services can be internal meaning any materials required to run the business, or external materials that the business will eventually sell. This stage also includes setting a budge

Table 6: Procurement Process

Statement	Min.	Max.	Mean	StD
firm Outline scope and expectations for functional specification	2.00	5.00	3.92	0.80
firm Gather all pertinent and appropriate engineering, performance and maintenance requirements	2.00	4.00	3.89	0.72
Generate formal functional specification suitable for submittal as part of the procurement package	1.00	4.00	4.05	0.74
The functional specification include a requirement for documentation that concisely defines a risk management plan, an operations plan and a maintenance plan	1.00	5.00	3.86	0.70
organizations providing external parties and suppliers with an understanding of the Procurement Framework;	1.00	5.00	4.01	0.85
Monitoring issues related to procurement and disposal act process in all stages	1.00	5.00	4.07	0.68
To establish conditions of fair competition in public procurement;	1.00	5.00	4.02	0.96

The approval requirements for the procurement process are dependent on the value (total potential value) of the proposed contract.	2.00	4.00	4.16	0.81
Procurement team approves the request, the PO is prepared based on the nature of the order	2.00	5.00	4.13	0.82

4.5.2 Performance of State Corporations in Kenya

The study sought the extent to which indicators of level of on Performance of State Corporations in Kenya; Kenya in the last five years in terms of Cost Reduction (ksh)

Customer Satisfaction (%) and Lead time (days). The level of operating Cost reduction in public State Corporations in the year 2014 was at 47.70 %, in the year 2015 it was 37.32%, in year 2016 it was 38.6% in the year 2017 was 15.07 % and in the year 2018 3.82. % by the end of the financial year the cost reduction was up to the State Corporations cost reductions expectations of below 5 % in all State Corporations operations this implied that through the effective implementation of the act 2015 provided by the PPOA there was significance reduction in the operating cost of the State Corporations in Kenya. The finding concurred with that Opong, (2013) Performance based contracts; performance indicators developed in the contract are used. In some cases, the proposed supplier’s quality assurance plan may be used as a basis for monitoring the supplier’s performance.

The results indicated State Corporations increase in Customer Satisfaction (%) of the products delivered as indicated from the 2014 was between 21%, of defects in every delivery, year 2014 10-12%, with the year of 2015 further decreasing to 10-8 % and the year of 2017 reducing to 4-0 % against the set ISO 9000 service charter of states corporation of 0-4% defects for every delivery. This indicated that through public procurement compliance evaluation and selection of supplier was competitive and only supplier who met quality standard were selected.

County against the set minimum days of 2-4 days for the pharmaceuticals and 4-5 days for the machines. Average lead time in days of 12 days in 2013, 8 days in 2014, 6 days in 2015 and further to 6 days in 2016 and finally 4days in 2017. This implied that Public Procurement Act compliance ensured supplier we competitively selected through openness and transparency. According to Taslimul (2014) Responsible procurement officer, or the requisitioned, monitors performance, collects information, and measures actual contract achievement. This is essential for effective control. The resources devoted to these tasks, and the techniques used to perform them, will depend on the nature of the contract work, the size and complexity of the contract, and the resources available.

Table 7: Performance levels

Performance levels	2014	2015	2016	2017	2018
Cost Reduction (ksh)	47.70 %,	37.32%,	38.6%,	15.07 %,	3.82%,
Customer Satisfaction (%)	10%	10-12%	10-8%	7-4%	4-0%
Lead time (days)	12	8	6	7	4

4.6 Regression Analysis Results

A multiple linear regression analysis was done to examine the relationship of the independent Variables with the dependent variable. The R² is the coefficient of determination. This value

Explains how precedent performance varied with Procurement approvals, Specification Development and Procurement Regulations. The model summary table shows that three predictors can explain 85.3% of change Performance namely; Procurement approvals, Specification Development, Procurement Regulations implication that the remaining 14.7% of the variation in Performance in State Corporations could be accounted for by other factors not involved in this study. This shows that the variables are very significant therefore need to be considered in any effort to improve on procurement process in State Corporations and other Government entities in their procurement departments.

Table .8: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.853a	.728	.720	.486

a. Dependent Variable: Performance of State Corporations in Kenya

b. Predictors: (Constant), Procurement approvals, Specification Development, Procurement Regulations

4.6.1 Beta Coefficients

The established regression equation was;

$$Y = 2.112 + 0.798X_1 + 0.643X_2 + 0.441X_3 + e$$

From regression results a constant 2.122 represented the constant which predicted value of Performance in State Corporations when all effects of Procurement process remain constant at zero (0). This implied that Performance in State Corporations would be at 2.122 holding Procurement approvals, Specification Development, Procurement Regulations effects at zero (0).

Regression results revealed that Specification Development has positive influence in Performance in State Corporations as indicated by $\beta_1 = 0.798$, $p = 0.000 < 0.05$, $t = 5.928$. The implication is that an increase in Specification Development implementation lead to Performance in State Corporations by $\beta_1 = 0.798$. This implied that an increase in Specification Development lead increase in procurement performance, hence there a positive relationship between procurement performance and Specification Development In procurement.

Regression results revealed that Procurement Regulations, has a significance influence on Performance in State Corporations as indicated by $\beta_2 = 0.643$, $p = 0.000 < 0.05$, $t = 4.808$. This implied that an increase unit in Procurement Regulations, would lead to an increase in Performance in State Corporations by $\beta_2 = 0.643$. This implied that Procurement Regulations, was effective in improving the Performance.

From the beta coefficients, the study revealed that there existed a significant positive relationship between Procurement approvals and Performance in State Corporations by $\beta_3 = 0.441$, $p = 0.000 < 0.05$, $t = 4.130$. The implication is that an increase unit in Procurement approvals would lead to increase Performance in State Corporations by $\beta_3 = 0.441$.

$$Y = 2.112 + 0.798X_1 + 0.643X_2 + 0.441X_3 + e$$

Where:

Y=Performance

β_0 =Constant of Regression

X_1 = Specification Development

X_2 = Procurement Regulations

X_3 = Procurement approvals

ϵ = Error of Regression

Table 9: Beta Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.112	.165		12.819	.000
	Specification Development	.798	.135	1.207	5.928	.000
	Procurement Regulations	.643	.134	1.014	4.808	.000
	Procurement approvals	.441	.107	.621	4.130	.000

a. Dependent Variable: Performance of State Corporations in Kenya

b. Predictors: (Constant), Procurement approvals, Specification Development, Procurement Regulations

SUMMARY OF RESULTS, CONCLUSION AND RECOMMENDATION

5.1 Introduction

In this chapter the researcher makes summary of the study then draws conclusion and gives recommendations based on the research findings and analysis done in previous chapter. The summary is a brief overview of the research process while conclusion is the report of the crucial findings and the recommendations are suggestions and advice based on the research findings

5.2 Procurement Process

The study established that Disposal Act implantation in State Corporations in Kenya the procurement process management involves managing the ordering, receipt, review and approval of items from suppliers. A procurement process also specifies how the supplier relationships were managed, to ensure a high level of service is received. This is a critical task in State Corporations Procurement Management. The procurement process helps State Corporations get value for money. The procurement management process involves several elements, including requirements determination, supplier research, value analysis, raising a purchase request, review phase, conversion to purchase order, contract administration, monitoring evaluation of received order, three-way matching, payment fulfillment, and record keeping.

5.3 Conclusion

The study concludes that Procurement Process should keep State Corporations the procurement management process fair, transparent, and efficient, a good understanding of the procurement process flow is key. the procurement process of the State Corporations differs from each other, the Procurement steps help control the State Corporations spending by choosing e-procurement system instead of relying on Excel and email to manage your procurement process makes purchases faster, requires less time, and saves you money and transparency.

5.3 Recommendations

The study recommends State Corporations in Kenya need to implement a Procurement Process any time the public entity want to buy items from external suppliers. By using this Procurement Management Process, State Corporations ensure that the items provided meet Organisation needs need. It also helps State Corporations manage the supplier relationship, ensuring that any issues are resolved quickly. By implementing a Procurement Process, State Corporations ensure get the maximum value from your supplier relationship.

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