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# FACTORS AFFECTING IMPLEMENTATION OF PUBLIC PROCUREMENT IN COUNTY GOVERNMENTS; A CASE OF KISII COUNTY, KENYA

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Abstract: The purpose of this study was to investigate the factors affecting the implementation of Public Procurement in County Governments taking special case of Kisii County. This was necessitated by lack of proper implementation of the process, with the provisions of the procurement act remaining only on paper. The study therefore aimed to investigate the effect of procurement lead-time on the implementation of Public Procurement in Kisii County; determine the influence of external pressure on the implementation of Public Procurement in Kisii County; establish the effect of service providers' awareness of procuring process on implementation of Public Procurement in Kisii County and find out the measures taken by Kisii County to effectively implement the Public Procurement. The findings of the study were important to the county management to understand the issues of procurement and how to improve on them. The findings of this study show that long lead time at the Kisii County had a negative effect on the implementation of public procurement; external interferences at Kisii County had a negative effect on the implementation of public procurement; and service providers' unawareness of the procurement process negatively affected public procurement implementation. Based on the findings, this study recommends; Kisii County management should reduce procurement lead time to conform to the PPDA 2013; ensure through in-house laws that there are no unwarranted external interference from political leaders, community leaders and other self interest group; introduce a self assessment mechanism that will improve on its procurement transparency and integrity and formulate a training program to create awareness of the procurement process among its suppliers.

Keywords: Lead Time, Public Procurement, External Pressure

#### I. INTRODUCTION

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

Globally, governments are confronted with increasing demands from their users brought about by changes such as devolution, technological change, public-private partnerships and globalization. Consequently, public sector agencies and authorities are required to respond and adapt in a manner that meets these challenges. such transformations are often associated with building capacity and proper implementation of programmes, which has become a central theme for public policy (Hall, 2013), embracing a wide range of areas such as environmental concerns, healthcare and increasingly, public procurement and particularly the proper implementation of existing public procurement policy and regulations.

According to United Nations Development Program (UNDP) report (2014), public procurement of goods, services and works represent a considerable proportion of a nation's expenditure, accounting for around 15%

of the world's GDP and in some developing countries, may be as much as 70%. In recent years, attention has been paid towards the importance of public procurement in stimulating national, regional and local development. A consequence of this interest has been a realization that if public procurement is to fulfill its potential as a driver of social and economic improvements, there is need to focus on effective and proper implementation of Public procurement policy and regulation (OECD, 2009).

Procurement includes all activities required in order to obtain the product from the supplier and get it to the place where it is actually needed. It encompasses the purchasing function, stores, traffic and transportation, incoming inspection and quality control and assurance (Farmer and Weele, 2010). Procurement, according to Wind and Thomas (2011), is as old as organizations but it has evolved over time. It developed from the need of organizations to acquire those goods and services that they could not produce but needed in their operations. Initially, the focus of contracting was typically on minimizing costs to the procurement entity rather than on delivering specific service quality outcomes. With time procurement has evolved to include new aspects like strategic sourcing, e-procurement and performance-based service contracting.

Procurement may either be for public or for private institutions. Kipchilat (2014) notes that public procurement is different from private procurement because in public procurement the economic results must be measured against more complex and long-term criteria. Furthermore, public procurement must be transacted with other considerations in mind, besides the economy. These considerations include accountability, non-discrimination among potential suppliers and respect for international obligations. For these reasons, public procurement is now subjected in all countries to enacted regulations, in order to protect public interests, especially public finance.

The public procurement system in Kenya has evolved from a crude system with no regulations to an orderly legally regulated procurement system. The Government's procurement system was originally contained in the Supplies Manual of 1978, which was supplemented by circulars that were issued from time to time by the Treasury. The Director of Government Supply Services under the ministry of finance was responsible for ensuring the proper observance of the provisions of the Manual. The Manual created various tender boards for adjudication of tenders and their awards and subsequent follow-up. However, these boards were not so effective (Aketch, 2005 as quoted by Kipchilat, 2014).

According to Bukhala (2013), a review of the country's public procurement systems was undertaken in 1999 and established that there was no uniform procurement system for the public sector as a whole. The system had more loopholes as it did not have sanctions or penalties against persons who breached the regulations in the Supplies Manual, other than internal disciplinary action. Consequently application of the rules was not strict and many of the norms were not followed. Furthermore, the Supplies Manual did not cover procurement of works; the dispute settlement mechanisms relating to the award procedures as set out in the Manual were weak and unreliable for ensuring fairness and transparency. In extreme cases, records of procurement transactions were found to be inaccurate or incomplete or absent.

Several studies on public procurement, for instance a survey by KACC (2007) reveal that even after the introduction of the Regulations, public procurement still faces challenges of lack of proper implementation to improve efficiency and transparency. The Principal reason for the enactment of the Act was to have a legal regime that weeds 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. However, these objectives have never been fully achieved in practice, (Wanyama, 2010). Wanyama further notes that

government authorities like Schools and roads authorities have challenges implementing the PPRA due to unnecessary extended lead-time for procuring services, external pressures from politicians and other interest groups, corruption and lack of awareness by service providers about the procuring process among others.

The PPRA envisions a speedy but efficient lead-time for procuring services, Hall (2013) argues that an extended lead-time for procurement, from formulation of procurement plans by the purchaser, delivery of goods by supplier to payment of supplier works for the detriment of the performance of the purchasing organization or authority. Further, PPRA's proper implementation is hampered when politicians and other interest groups get involved in pressurizing the authority to award tenders to some of their cronies (Wanyama, 2010). This not only devalues the integrity of the authority but lowers its level of performance.

Although the procurement cycle is a good model for guiding procurement functions, it is also faced another implementation challenge. Majority of Service Providers are unaware of procurement procedures and as a result, most service providers are not adhering to and strictly following the procurement process (Wanyama, 2010; PPRA Final Report, 2014);

While the efficacy and importance of Public Procurement has been documented (Kipchilat, 2014; Aketch, 2005), little has been done on the factors affecting implementation of the Public Procurement in Kisii County. This study hopes to fill the gap in examining the lead-time, external pressure, service providers' awareness of procuring process and measures to be taken to fully implement Public Procurement.

#### **Statement of the Problem**

Matrimonial The aim of the Public Procurement is to promote fairness, accountability, transparency and non-discrimination in procurement in public institutions and authorities with the main aim of ensuring efficient use of public funds. However, its proper implementation is not being done, with the provisions of the Public Procurement act for instance remaining only on paper. Wanyama (2010) argues that issues like corruptions, extended lead-time for procurement and external pressures seem to have impacted proper implementation of Public Procurement. Further evidence is seen from the Kisii County complaints sheet which is full of service providers' complaints on the slow pace of procuring and a perceived external influence from politicians and other interest groups among others (Complaints sheet, 2015).

According to Aketch (2005), the need for a Public Procurement implementation success was necessitated by the unmethodical procuring process that had a lot of loopholes from where unscrupulous public officials minted money for self-aggrandizement. As a result, its proper implementation is necessary (Wanyama, 2010).

This study aims to fill the gap that exists in effects of the Public Procurement implementation on the performance of county government and agencies and particularly Kisii County that has a place in the economic development of Kenya.

#### Objective of the study

To establish the factors affecting the implementation of Public Procurement in Kisii County

#### II. LITERATURE REVIEW

The study was informed by three theories, which are briefly discussed below.

# **Normalization Process Theory**

This study was based on Normalization Process Theory (NPT) as argued by May et al (2007). The theory provides a set of sociological tools to understand and explain the processes through which new or modified practices of thinking, enacting, and organizing work are operationalized in institutional settings. In particular, the theory is concerned with three core problems:

Implementation, by which we mean the organization of bringing a practice or practices into action.; Embedding, by which we mean the processes through which a practice or practices become, (or do not become), routinely incorporated in everyday work of individuals and groups; Integration, by which we mean the processes by which a practice or practices are reproduced and sustained among the matrices of an organization or institution.

#### **Bounded Rationality Theory**

Bounded Rationality Theory Propagated by Evan (2008) proves that individuals have limited information and imperfect knowledge while making investment, procurement or other business related decision. This implies that suppliers for instance, more often lack the procurement literacy skills to enable them make wise procurement decision so that they can achieve optimal return on their investment. The bound rationality theory posits that investor can make decisions basing on past experience.

Therefore, procurement awareness knowledge impacted to individual suppliers will enable him/her make decisions based on the knowledge acquired. This basically means that once a supplier has acquired the necessary information or awareness, such a person is able to make an informed decision. For our purposes, such information includes the information on procurement process and particularly knowledge on the issues involved in the Public Procurement and how to place them on aa firm standing. This is assumed to present a perfect means via which a supplier can effectively engage with the Public Procurement.

#### **Dual- Process Theory**

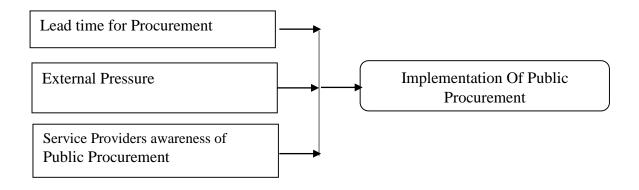
Tied to the Bounded rationality theory is the dual- process theory which suggests that decisions are driven by both intuitive and cognitive processes (Evan, 2008). The fast system suggests a quick intuitive answer but the second system monitors and intervenes. procurement information acquired will make the second system stronger hence the rationally investment decisions will have a positive effect. On the other hand, this theory posits that financial attitudes and values people have about money come from their environment. Therefore, through social interactions many decisions of individuals' investors are affected as they receive and possess information through interacting with others. This lends itself to the external pressure variable.

Basically, the dual process theory presents a picture that factors like external pressure and procurement information need to be taken into consideration before a procurement engagement can be made. Considering that these factors form the study objectives, this theory is thus relevant.

# **Conceptual Framework**

# **Independent Variables- Factors**

#### **Dependent Variable**



#### III. RESEARCH METHODOLOGY

The study employed case study research design and targeted procurements officers at the County offices in Kisii and selected staff of firms supplying good and services to the county. It also targeted the Chief procurement officer at the County. Simple random sampling was used to select employees of the county and contractor firms while purposive sampling was used on chief procurement officer. Questionnaires were administered on both employees; interview schedule was given to chief procurement officer and document checklist was the data collection instruments. Data was analyzed using descriptive analysis; Pearson's correlations and regression analysis to test hypotheses was also used. The data was then presented in tables, graphs and charts with the aid of SPSS.

#### IV. RESULTS AND DISCUSSIONS

#### Effect of Procurement Lead-Time on Implementation of Public Procurement

The first objective of this study sought to assess the effect of Procurement Lead-Time on Implementation of Public procurement at Kisii County, North Rift Region. Table 1 and Table 2 shows the results.

**Table 1 Average Lead Time Procurement Process** 

|       |             | Frequency | Percent |  |
|-------|-------------|-----------|---------|--|
| Valid | A week      | 8         | 12.1%   |  |
|       | 1-3 months  | 13        | 19.7%   |  |
|       | 4-6 months  | 19        | 28.8%   |  |
|       | 7-1 year    | 22        | 33.3%   |  |
|       | over a year | 4         | 6.1%    |  |
|       | Total       | 66        | 100.0%  |  |

The Table clearly indicates that majority of respondents; at 33.3% said that procurement lead time averagely took 7-1 year. This was followed by 28.8% who said it took 4-6 months, 6.1% said over a year, 19.7% said it took 1-3 months and only 12.1% said it took a week. According to the PPDA regulations (2006), proper lead

time should not exceed 3 months. This result indicates that there was a longer and improper lead time, thus affecting the implementation of the public procurement. This result agrees with Thai (2007) who argued that most government agencies are affected by relatively long procurement lead times which consequently leads to non-implementation of laid down procurement policy and regulation, often at the detriment of service providers.

### Procurement Lead-Time on Implementation of public procurement

Table 2, shows the results on questions asked on procurement lead time and how it affects implementation of public procurement.

Table 2 Effect of Procurement Lead-Time on Implementation of PPDA

| Lead-Time  | Agree |         | Neutra |         | Disagre | ee      |
|--|-------|---------|--------|---------|---------|---------|
|  | Count | Percent | Count  | Percent | Count   | Percent |
| The long lead time negatively affect public                                | 36    | 54.5%   | 5      | 7.6%    | 25      | 37.9%   |
| procurement implementation   |       |         |        |         |         |         |
| There are many bottlenecks to procure                                      | 40    | 60.2%   | 5      | 7.6%    | 21      | 32.2%   |
| The PPDA is silent on issue of lead time                                   | 21    | 31.8%   | 6      | 9.1%    | 39      | 59.1%   |
| Long lead time causes a freeze of schedules                                | 37    | 56.1%   | 4      | 6.1%    | 25      | 37.9%   |
| Long lead time has a negative effect of firm competitiveness               | 30    | 45.5%   | 8      | 12.1%   | 28      | 42.4%   |
| There is no semblance of lead time reduction strategies                    | 37    | 56.1%   | 3      | 4.5%    | 26      | 39.4%   |
| The implementation of public procurement is hampered by extended lead time | 32    | 48.5%   | 7      | 10.6%   | 27      | 40.9%   |

From Table 2 above, it is evident that majority at 54.5% agreed that the long lead time in procuring goods and services negatively affected public procurement implementation in Kisii County. Only 37.9% disagreed and 7.6% were neutral. This implies a slack in ensuring proper procurement lead times consequently affecting the implementation of PPDA. Such a long lead time in construction according to Karmarkar (1983): increase work-in-progress; force schedules to be frozen over long periods, thus increasing the chance of schedule changes; increase safety stocks due to the protection against longer lead times and forecast errors that tend to increase with the forecast horizon. All this cumulatively lead to a skewed PPDA implementation, beating the reason why the policy was set in the first place.

The respondents were asked if there were many bottlenecks that created a long lead time of procuring goods and services. On this, majority at 60.2% agreed, 32.2% disagreed and only 7.6% were neutral. This is an indication of many stumbling blocks to shorter lead time for procurement which also negatively affects the implementation of public procurement. Wanyama (2010) mentioned that a long list of procurement requirements and a long process to even get a form to fill constitutes some of the major bottlenecks that eventually lead to an unnecessarily extended lead time.

The respondents were then asked if the public procurement was silent on the issue of lead-time leaving its implementation solely, majority at 59.1% disagreed with the assertion, 31.8% agreed and 9.1% were undecided. Part of the reason for an arbitrarily set lead time as argued by Hall (2008) was a lack of specific procurement timelines in procurement policy. This result indicates that such a reason is not correct as the PPDA

is not silent on the issue of lead time. In fact it says that the procurement process should not unnecessarily exceed 3 months (PPDA, 2005). This result further implies that both the procurement officials and Suppliers were aware of the PPDA resolution on lead-time and they thus needed to ensure that as part of public procurement implementation, that aspect was also adhered too.

When asked whether long lead time caused a freeze of schedules thus creating loss of money, 56.1% agreed, 37.9% disagreed and 6.1% were undecided. The implication here is that service providers lost money due to long lead-time. This agrees with literature from Thai (2007) and Karmarkar (1983) who argued that scheduling often becomes a problem once there is an extended time for the completion of procurement process leading to loss of money, particularly for the service providers.

When respondents were asked whether long lead time had a negative effect on firm competitiveness, 45.5% agreed, 42.4% disagreed and 12.1% were undecided. This further goes to indicate the negative effect long lead time has on a firm's competitiveness. Arrowsmith (2008) had argued that the faster the procurement process is the better the quality of services rendered because of the competitiveness generated by a faster and transparent process. Therefore, this result is an endorsement of Arrowsmith (2008) assertion that implies that for Kisii County to get better services from service providers, who are competing to up their game due to heightened competitiveness, it has to keenly look into shortening their procurement lead time and conform it to the stipulations of the PPDA.

The respondents were then asked if there was a semblance of lead time reduction strategies to help in better public procurement implementation. The result shows that 56.1% disagreed, 39.4% agreed and 4.5% were undecided. This implies that although the procurement office and Suppliers were in agreement about the detrimental effect of long lead-time on service delivery, firms' competitiveness and implementation of public procurement, there was no sign of a mechanism to reduce the lead-time further implying that the people concerned somehow preferred the maintenance of the status-quo, a sorry case indeed.

The respondents were finally asked if the implementation of public procurement was hampered by unnecessary and extended lead time of procuring goods and services. On this, majority at 48.5% agreed, 40.9% disagreed and only 10.6% were undecided. This implies that the overall performance of Kisii County was hampered because good performance is measured by our services are delivered and at what appointed time. Thai (2007) speaking on timeliness, mentions that if the procurement process can be done faster, the overall performance, whether real or perceived increases. This is supported by Wanyama (2010) who observes that a heightened level of performance in the public offices can be made certain if the procurement process is perceived by service providers as fast enough without unnecessary bottlenecks.

# The Influence of External Pressure on the Implementation of the Public procurement In Kisii County.

The second objective sought to determine the influence of external pressure on the implementation of the Public procurement in Kisii County. The results are as seen in Table 3.

Table 3 Influence of External Pressure on the Implementation of public procurement in Kisii County

| External Pressure                            |       | Agree Neutra |       | al Disagree |       | ee      |
|--|-------|--------------|-------|-------------|-------|---------|
|  | Count | Percent      | Count | Percent     | Count | Percent |
| You have to have the right 'connections'     | 32    | 48.5%        | 6     | 9.1%        | 28    | 42.4%   |
| Local politicians get in the way             | 48    | 72.7%        | 6     | 9.1%        | 12    | 18.2%   |
| Projects done at behest of community leaders | 37    | 56.1%        | 8     | 12.1%       | 21    | 31.8%   |

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| Process influenced by central government      | 36 | 54.5% | 11 | 16.7% | 19 | 28.8% |
|---|----|-------|----|-------|----|-------|
| Process influenced by the emergence of ICT    |    | 54.5% | 8  | 12.1% | 22 | 33.3% |
| Process always influenced by networks         | 33 | 50.0% | 9  | 13.6% | 24 | 36.4% |
| Process influenced by environmental           | 21 | 31.8% | 9  | 13.6% | 36 | 54.5% |
| bottlenecks                                   |    |       |    |       |    |       |
| Process always influenced by donors           | 35 | 53.0% | 10 | 15.2% | 21 | 31.8% |
| Process always influenced local agreements    | 34 | 51.5% | 10 | 15.2% | 22 | 33.3% |
| The PPDA is that there is external influences | 40 | 60.6% | 10 | 15.2% | 16 | 24.2% |
| Market conditions get in the way of process   | 44 | 66.7% | 13 | 19.7% | 9  | 13.6% |
| Corruption and self interest is the order     |    | 50.0% | 6  | 9.1%  | 27 | 40.9% |
|   |    |       |    |       |    |       |

From Table 3 above it is clear that when the respondents were asked if they had to have the right 'connections' to get a better and quick procurement services from Kisii County, 48.5% agreed, 42.4% disagreed and 9.1% were neutral. This implies a long standing 'connections' menace that hampers transparent implementation of procurement processes in many government authorities. Public procurement has been utilized as an important tool for achieving economic, social and other objectives (Arrowsmith, 2008; Thai, 2007). As a result, many people are drawn by the lucrative nature of public procurement enough to want to consistently invoke external influences to the process, often at the expense of transparent methods as espoused by the PPDA.

The respondents were asked if local politicians got in the way of effective procurement process in Kisii County. The result was overwhelmingly yes at 72.7% while 18.2% said no and only 9.1% were undecided. This result agrees with the World Bank's Procurement Report (2011) that mentioned that external pressure affects proper implementation of procurement practices. The external pressure mentioned by the report included market conditions and political interventions, two of which directly impact on the Kenyan public sector authorities' scenario. Local politicians have for a long time greatly influenced public procurement, again, at the expense of proper procurement regulations geared to benefit the citizens and not just a selected few. This result therefore indicates a deep seated and unwarranted political intervention.

When asked if most of the major procurement projects in Kisii County were done at the behest of community leaders and other self-interest groups, 56.1% agreed, 31.8% disagreed and 12.1% were neutral. Again, this indicates that political considerations still run paramount in public procurement and particularly in Kisii County. World Bank's Procurement Report (2011) observed that in a democracy many individuals, groups, and organizations in the private sector including trade associations, professional associations, and business firms or companies (commonly known as interest groups) are actively involved in all aspects of the public procurement system. Having various interests, objectives and beliefs, interest groups are involved in the public procurement system in several ways such as lobbying legislative bodies to pass or alter procurement statutes, influencing implementation of these statutes, and influencing budget authorization and appropriations processes, often in detriment of implementation of laid down procurement statutes.

The respondents were then asked if the procurement process as stipulated in the PPDA was always influenced by the central government. The response here has 54.5% agreeing, 28.8% disagreeing and 16.7% remaining neutral. This implies a strong influence that the central government still has on its attendant authorities. According to Wanyama (2011), this is not necessary a positive thing as the spirit of the PPDA (2005) envisions an authority that is independent and free from untoward influence even from the central government. Politics also plays here, normally; a government procurement program that is eventually adopted is a compromise among different views of interest groups, policy makers and management (Thai, 2007). In this democratic

environment, there are cases of a strong coalition of policy makers, bureaucrats and interest groups in their effort to get their programs adopted, often at the detriment of proper implementation of such policies. This coalition has led to the concept of the 'iron triangle,' which is very popular in the area of defense procurement (Thai, 2007).

When asked if the procurement process as stipulated in the PPDA was always influenced by the emergence and use of ICT, majority at 54.5% agreed, 33.3% disagreed and only 12.1% were undecided. This is a positive sign of growth and progress particularly towards the implementation of the PPDA. ICT has been touted as a tool that improves transparency and speed (Hall, 2008) and as such, in the procurement realm, it is therefore expected that lead times was shortened among other positive things.

The respondents were asked if the procurement process as stipulated in the PPDA was always influenced by friendships and networks among procurement officials. The result show that 50.0% agreed, 36.4% disagreed and 13.6% were undecided. This implies a somewhat unscrupulous streak among procurement officials, who although, due process is followed, tip off their friends and colleagues, purely at the detriment of the implementation of the PPDA

The procurement process as stipulated in the PPDA is always influenced by environmental bottlenecks as directed by NEMA, on this assertion, 54.5% disagreed, 31.8% agreed and 13.6% were undecided. This is a positive indication that NEMA did not create unnecessary bottlenecks to stall the procurement process in Kisii County. There have been arguments from Wanyama (2011) and others that NEMA often blocked procurement especially of roads for certain environmental reasons. This result implies a disagreement with that literature.

When asked if the procurement process as stipulated in the PPDA was always influenced by donors, 53.0% agreed, 31.8% disagreed and 15.2% were neutral. Hall (2008) argued that donors and their pre-conditions affect public procurement particularly in developing countries, Kenya included. Hinson and McCue (2004) also argued that often such external interventions are always positive as the benefits consequently trickle down to the common citizen. This result can therefore be argued as an indication of positive donor intervention a factor that was agreed to in an interview with the senior procurement officers in Kisii County. They said that donors have a high standard of procurement regulations that must be followed, failure to which the country looses on a lucrative deal in the future.

On whether the procurement process as stipulated in the PPDA was always influenced by international and local trade agreements, 51.5% agreed, 33.3% disagreed and 15.2% were neutral. This result agrees with Arrowsmith (2008). He argued that as many countries have moved to a regional and or global economy, public procurement practitioners face another external challenge that is, how to comply with their government's procurement regulations and social and economic procurement goals without violating regional and/or international trade agreements. Kisii County being a government authority is bound to any agreement made by itself or on its behalf by the line ministry and as such the implementation of the PPDA is affected depending on what the agreement is.

The respondents were asked whether The PPDA is such that there were a lot of external influences, 60.6% agreed, 24.2% disagreed and 15.2% were neutral. This question went into trying to ascertain if the respondents thought that there were certain stipulations in the PPDA that created avenues for external influences. The result here shows that they actually did think there were such avenues.

When asked if market conditions in form of stiff competitiveness got in the way of effective procurement process in Kisii County, 66.7% agreed, 13.6% disagreed and 19.7% were neutral. This implies that market conditions have a great influence on implementation public procurement policy action and practitioners' effort to maximize competition. Moreover, the market determines whether or not socio-economic objectives of procurement are accomplished, whether or not a governmental entity can fulfill its needs; the timeliness of fulfillment; and the quality and costs of purchased goods, services and capital assets. As there are different levels of economic growth among countries in the world, market conditions are very favorable in industrialized countries, while they may be unfavorable in developing countries (Arrowsmith, 2008).

The respondents were finally asked if corruption and self-interest was the order of the day in Kisii County hence obstructing effective implementation of PPDA, 50.0% agreed, 40.9% disagreed and only 9.1% were neutral. This implies a feeling among particularly Suppliers that corruption runs the procurement process. However, an interview with the senior procurement officers showed that corruption is more of an allegation than fact as there were yet to be charged in court or substantive evidence given proving corruption. all the same, they were not so quick to throw the allegations on the Suppliers face, admitting that self-interest and certain corrupt practices may have been entertained in the procurement process on both sides, that is Suppliers and procurement office.

# Effect of Service Providers' Awareness on the Implementation of the Public procurement in Kisii County.

The third objective sought to establish the effect of service providers' awareness on the implementation of the Public procurement in Kisii County. The result is as seen in table 4 and table 5.

**Table 4 Suppliers Awareness of the Procurement Process** 

|       |       | Frequency | Percent | Valid Percent |
|-------|-------|-----------|---------|---------------|
| Valid | Yes   | 25        | 37.9    | 37.9          |
|       | No    | 41        | 62.1    | 62.1          |
|       | Total | 66        | 100.0   | 100.0         |

From Table 4 it is evident that 62.1% were unaware of the full requirements and goings on of the procurement process while only 37.9% were aware. This implies that the implementation of the public procurement was negatively affected as such implementation also depends on the suppliers knowledge of the procurement process. Further, based on the findings, the implication that the procurement process is therefore bypassed is alive. Regardless of the effort by the public procurement and the acknowledgement that the procurement department is capable of adding value to the organisation still a large number of the internal customers act on their own and more frequently bypass the procuring department (Schiele & McCue, 2006).

Table 5 Service Providers' Awareness on the Implementation of the public procurement

| Service Provider's Awareness   |       | Agree   |       | Neutral |       | Disagree |  |
|--|-------|---------|-------|---------|-------|----------|--|
|  | Count | Percent | Count | Percent | Count | Percent  |  |
| Service providers' unawareness of process negatively affects PPDA implementation | 44    | 66.7%   | 8     | 12.1%   | 14    | 21.2%    |  |
| Most providers go round in circles because of lack of procurement knowledge      | 39    | 59.1%   | 10    | 15.2%   | 17    | 25.8%    |  |

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| Unnecessary court cases are filed due to lack                                      | 30 | 45.5%  | 12 | 18.2%  | 24 | 36.4% |
|--|----|--------|----|--------|----|-------|
| of service providers' awareness  Many faults in contract type selection due to     |    | 60.6%  | 10 | 15.2%  | 16 | 24.2% |
| lack of service providers' awareness Process is complicated thus service providers | 23 | 34.8%  | 7  | 10.6%  | 36 | 54.5% |
| are understandably exempt  No opportunities for service providers to               | 34 | 51.5%  | 11 | 16.7%  | 21 | 31.8% |
| know the full scope of procurement process Such unawareness creates unnecessary    | 41 | 62.1%  | 8  | 12.1%  | 17 | 25.8% |
| complaints   |    | 3=.170 | -  | ==:170 |    |       |

As shown in Table 5 above, it is evident that majority at 66.7% agreed that Service providers' unawareness of the procurement process negatively affected public procurement implementation and thus Kisii County performance. Only 21.2% disagreed and 12.1% were neutral. Such unawareness creates a challenge in the operation of the procurement cycle. The purpose of the procurement cycle was to encourage competition among suppliers, professionalism, good business ethics and non-discrimination among others (PPDA, 2005). As a result, this result indicates that with lack of procurement circle knowledge, there is lack of competitiveness, professionalism, good business ethics and non-discrimination. When the respondents were asked if most service providers went round in circles because of lack of procurement knowledge, 59.1% agreed, 25.8% disagreed and 15.2% were undecided. Again, this indicates that the service providers were unaware of the procurement process and consequently wasted time that should have been gained with prior procurement process knowledge.

The respondents were asked if there have been unnecessary court cases filed due to lack of service providers' awareness about procuring process. On this, 45.5% agreed, 36.4% disagreed and only 18.2% were undecided. This implies that there were unnecessary costs, reputation and integrity displaced and unnecessarily spoilt because suppliers were not well conversant with the procurement process. Knudsen (2009) had mentioned that the procurement cycle knowledge among suppliers is necessary to ease and quicken implementation of procurement legislation for the benefit of all players in the process.

When asked whether there had been many faults in contract type selection due to lack of service providers' awareness about procuring process, 60.6% of the respondents agreed, 24.2% disagreed and 15.2% were undecided. This indicates that certain selections that would otherwise have been made correctly were not because of lack of information that would have then saved time and money. The procurement departments of public entities are faced with the problem of not having enough information about the procurement procedure, its inputs, outputs, resource consumption and results and are therefore unable to determine their efficiency and effectiveness (Knudsen, 2009).

When asked whether the procurement process and the public procurement was too complicated thus service providers were understandably exempt from knowing the process, 54.5% disagreed, 34.8% agreed and 10.6% were undecided. This implies a positive attitude of suppliers on the public procurement requirements and all that is left is a conscious and deliberate effort to know the stipulations of the ACT. This result agrees with the PPDA final report panel (2006) done in Uganda where even there, there was lack of procurement knowledge by suppliers. The study indicated the lack of efforts of the procurement unit staff and PPDA in deepening knowledge on public procurement. Discussion with PPDA staff in Kampala also supported this position and indicated that their outreach staff had not endeavored to involve some of the service providers in the training

activities. The distribution of print material and utilization of the electronic media had reportedly also not contributed to deepening knowledge on the procurement process in Uganda. This result agrees with the Uganda review and something then needs to be done.

When the respondents were asked if there were no opportunities for service providers to know the full scope of procurement process as stipulated in PPDA, 51.5% agreed, 31.8% disagreed and 16.7% were neutral. This indicates a lack of effort by procurement office to provide training and awareness opportunities to suppliers to eventually ease the interaction with the procurement process and consequently speed up the implementation of the PPDA.

When finally the respondents were asked if such unawareness created unnecessary complaints by service providers to the extent of affecting PPDA implementation in Kisii County, 62.1% agreed, 25.8% disagreed and 12.1% were neutral. In discussing the importance of service providers' knowledge of procurement process, Knudsen (2009) argues that the awareness is important for firms to then perform proper procurement planning and avoid unnecessary and time wasting complaints. Such planning he says will include make-or-buy analysis.

# **Hypotheses Testing**

To ascertain whether there was significant relationship between the independent variables-factors and the dependent variable-implementation of public procurement in Kisii County, it was necessary to do a chi-square test. Table 6, 7, 8 shows the results.

# Chi Square test for First Hypothesis

The first hypothesis was Procurement lead time has no significant effect on implementation of the Public procurement in Kisii County.

| Table 6 | Hypothes | sis testing | for First | <b>Hypothesis</b> |
|---------|----------|-------------|-----------|-------------------|
|         |          |             |           |                   |

|                              | Value                | df | Asymp. Sig. (2-sided) |
|------------------------------|----------------------|----|-----------------------|
| Pearson Chi-Square           | 3.661E2 <sup>a</sup> | 4  | .000                  |
| Likelihood Ratio             | 325.791              | 4  | .000                  |
| Linear-by-Linear Association | 191.443              | 1  | .000                  |
| N of Valid Cases             | 66                   |    |                       |

The Pearson Chi-Square value-3.661E2<sup>a</sup> shows the fitness of this model. Any value on the negative or below 1.0 is considered weak (Kothari, 2004).Likelihood ratio test is a statistical test used to compare the fit of two models, one of which (the *null model*) is a special case of the other (the *alternative model*). The test is based on the likelihood ratio, which expresses how many times more likely the data are under one model than the other. Looking at this table, the likelihood ratio is 325.791 which shows that the null hypothesis, lead time has no significant effect on implementation of public procurement is not fit model as opposed to its alternative, lead time has a significant effect on implementation of public procurement.

Since the P-Value is less than 0.01 the hypothesis is statistically significant. Therefore the study rejects the null hypothesis. This implies that procurement lead time is a significant factor in efficient implementation of public procurement in Kisii County. It supports Hall (2008) and Thai (2001) when they said that procurement lead time affects implementation of procurement legislation and policy.

# **Chi-Square Test for Second Hypothesis**

The second hypothesis postulated that External pressure has no significant effect on implementation of the Public procurement in Kisii County

**Chi-Square Test for Second Hypothesis** 

|                                 | Value         | Df | Asymp. Sig. (2-sided) |
|---------------------------------|---------------|----|-----------------------|
| Pearson Chi-Square              | $3.664E2^{a}$ | 4  | .001                  |
| Likelihood Ratio                | 321.771       | 4  | .000                  |
| Linear-by-Linear<br>Association | 190.433       | 1  | .000                  |
| N of Valid Cases                | 66            |    |                       |

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 7.70.

The Pearson Chi-Square value-3.664E2<sup>a</sup> shows the fitness of this model. Any value on the negative or below 1.0 is considered weak (Kothari, 2004). Looking at this table, the likelihood ratio is 321.771 which shows that the null hypothesis, external pressure has no significant effect on implementation of public procurement is not fit model as opposed to its alternative, external pressure has a significant effect on implementation of public procurement.

Since the P-Value is less than 0.01 the hypothesis is statistically significant. Therefore, the study rejects the null hypothesis. This implies that the external intervention is significant and plays an important role in Implementation of PPDA in Kisii County. The more the interventions the harder is to fully implement public procurement requirements (Knudsen, 2009).

### **Chi-Square Test for Third Hypothesis**

The third hypothesis postulated that Service Providers awareness of procurement process has no significant effect on implementation of the Public procurement in Kisii County

**Table 1 Chi-Square Test for Third Objective** 

|                              | Value                | df | Asymp. Sig. (2-sided) |
|------------------------------|----------------------|----|-----------------------|
| Pearson Chi-Square           | 3.594E2 <sup>a</sup> | 4  | .001                  |
| Likelihood Ratio             | 311.751              | 4  | .000                  |
| Linear-by-Linear Association | 193.423              | 1  | .000                  |
| N of Valid Cases             | 66                   |    |                       |

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 7.70.

The Pearson Chi-Square value-3.594E2<sup>a</sup> shows the fitness of this model. Any value on the negative or below 1.0 is considered weak (Kothari, 2004). Looking at this table, the likelihood ratio is 311.751 which shows that the null hypothesis, service provider awareness has no significant effect on implementation of public procurement is not fit model as opposed to its alternative, service provider awareness has a significant effect on implementation of public procurement.

Since the P-Value is less than 0.01 the hypothesis is statistically significant. Therefore the study rejects the null hypothesis. This result implies that service providers' awareness of procurement process has a significant influence on implementation of public procurement in Kisii County. It further supports literature that asserted that lack of knowledge and training has negatively impacted on public procurement implementation in public authorities (Wanyama, 2011).

#### V. CONCLUSIONS

Based on the first objective, procurement lead time averagely took 7-1 year and the long lead time in procuring goods and services negatively affected public procurement implementation in Kisii County. Further, there were many bottlenecks that created a long lead time of procuring goods and services. The PPDA was not silent on the issue of lead-time leaving its implementation. The long lead time caused a freeze of schedules thus creating loss of money and it had a negative effect on firm competitiveness. Moreover, there was no semblance of lead time reduction strategies to help in better public procurement implementation. The implementation of public procurement was hampered by unnecessary and extended lead time of procuring goods and services. It can therefore be concluded that long lead time in Kisii County had a negative effect on the implementation of public procurement.

Based on the second Objective, one has to have the right 'connections' to get a better and quick procurement services. Local politicians got in the way of effective procurement process in Kisii County most of the major procurement projects in Kisii County were done at the behest of community leaders and other self-interest groups. Further, the procurement process as stipulated in the PPDA was always influenced by the central government, emergence of ICT, donors, international and local trade agreements. Market conditions in form of stiff competitiveness and corruption got in the way of effective procurement process in Kisii County. It can therefore be concluded that external interferences in Kisii County had a negative effect on the implementation of public procurement.

Based on the third objective, suppliers were unaware of the full requirements and goings on of the procurement process. Most service providers went round in circles because of lack of procurement knowledge and there had been unnecessary court cases filed due to lack of service providers' awareness about procuring process. There had also been many faults in contract type selection due to lack of service providers' awareness about procuring process. The procurement process and the public procurement was however not too complicated thus service providers were understandably not exempt from knowing the process. However, there were no opportunities for service providers to know the full scope of procurement process as stipulated in PPDA and procurement process unawareness created unnecessary complaints by service providers to the extent of affecting public procurement implementation in Kisii County. It can therefore be concluded that Service providers' unawareness of the procurement process negatively affected public procurement implementation.

#### Recommendations

Based on the conclusions of the study, the following are recommended:

Based on the first objective on lead time, Kisii County management should reduce procurement lead time to conform to the PPDA 2013. The management should do this by computerizing the process to speed up the procurement process

Based on the second objective on external pressure, Kisii County management should ensure through in-house laws that there are no unwarranted external interference from political leaders, community leaders and other self-interest group. Further, Kisii County management should introduce a self-assessment mechanism that will improve on its procurement transparency and integrity

Based on the third objective on service providers' awareness of procurement process, Kisii County management should formulate a training program to create awareness of the procurement process among its suppliers. Suppliers should seek to get relevant and full information about the procurement process to arm them with knowledge relevant for wise procurement planning. Further, Suppliers should maintain eternal vigilance and check mechanisms on Kisii County to ensure the authority is transparent and follows to the letter the provision of PPDA

#### Suggestions for further research

This study proposes that further research be done in the following areas:

The effect of public procurement on public sector performance and a further study on other variables like corruption and its influence on the implementation of public procurement.

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