

DETERMINANTS OF SUCCESSFUL PROCUREMENT CONTRACT AWARDS IN THE COUNTY GOVERNMENT OF MIGORI, KENYA

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Abstract: *It can be very bewildering to exactly determine amidst the many evaluation parameters contractors who are fit to handle certain contracts and not others. The general objective of the study was to analyze determinants of successful procurement contract awards in the county government of Migori.*

Methodology: *The study employed descriptive research design with a target population of 41 respondents drawn from the 8 sub-counties of the county government of Migori both from the procurement and accounts departments.*

Findings: *Results ascertain varying importance of successful procurement contract awards determinants in the County Governments in Kenya with a focus in the County Government of Migori. Linear regression results showed that financial capacity, contractual capacity and bidding requirements all had a significant positive relationship with SPCA. Information asymmetry however showed an insignificant relationship with successful procurement contract awards; ($\beta=0.051(0.071)$; $P=0.132$). In conclusion, the three predictor variables; financial capacity, contractual capacity and bidding requirements have a significant role in determining SPCA and thus need to be put into consideration to increase chances of success of procurement contracts awards in the County Government of Migori, which is a core step in the success of a procurement cycle and supply chain management as a whole. The study recommends thorough evaluation of bidders and that only those who win according to the procurement contracts award criteria should be strictly awarded. Further, it recommends investment by the government on heavy machinery equipment and other capital goods to help reduce the contingent costs of works contract awards. Lastly, the study recommends that the government should introduce and run entrepreneurship clinics where young and promising companies are occasionally coached and trained through to growth of the companies to enable them compete fairly with both locally and internationally established firms.*

Keywords: *bidding requirements, contractual capacity, financial capacity, information asymmetry*

I. INTRODUCTION

Public procurement is a function carried out in both the public and private institutions (Manyara, 2016). In counties, just like other public institutions, the procurement process is not complete without successful final award of procurement contracts to bidders. However, it is reported that, in order to win and successfully be awarded a government contract, a gift whose value represents a minimum 8% of the contract amount is expected, while, in Kenya, manufacturing firms must part with an average of 14 percent of the value of

government contracts on kick-backs (AfriCOG, 2015). That means, according to this statistic, without a kick-back, then there is no award, thus no procurement.

It is estimated that weaknesses in public procurement awards, are a global problem with approximately \$400 billion (Kshs 34.9 trillion) reported as being unaccounted for in procurement globally (Adili, 2014). This has been due to huge financial flows involved in public procurement, which embezzlement further stifles economic growth, increases poverty, promotes tribal kingpins and diminishes development of a country (EACC, 2015).

Public procurement is the process through which goods and services are acquired by governments and their entities (AfriCOG, 2015). It involves the purchase of commodities and contracting of construction works and services if such acquisition is effected with resources from state budgets, local authority budgets, state foundation funds, and all loans, revenues and aids received for the economic activity of state (Chemoiywo, 2014). Public Procurement Oversight Authority refers to public procurement from a similar point of view; the purchase of commodities and contracting of construction works and services if such acquisition is effected from state budgets, local authority budgets, states foundation funds, domestic or foreign loans guaranteed by the state, foreign aid as well as revenue received from the economic activity of the state (PPOA, 2009).

The Kenya Government like other governments, purchases various goods and services from the supply market (Adili, 2014). However, it is difficult to estimate the volumes and values of procured goods (Waigwa & Njeru 2016) but it is understood though that the Government of Kenya (GoK) procured about Ksh. 300 billion in the 2006 financial year and this figure has risen tremendously to single procurements estimated to over Kes. 300 billion in 2017. According to Njeru (2016), Kenya spends between 10 percent – 30 percent of GDP on procurement alone. All these procurement contracts must be awarded based on the national guiding principles in order for the awards to be successful. A successful procurement contract award is where contracts are won by those who qualify, with guidance by the procurement standards according to the Acts and Regulations in place.

Public procurement in Kenya

Kenya's public procurement system is one of the most progressive government processes recognized by the Constitution. It has undergone significant reforms from an unregulated system in 2000 to one that benchmarks with International Standards (Gathua, 2015). The aim being to streamline public procurement in the country and to make the public procurement and its workforce more professional (Manyara, 2016).

Public Procurement and Asset Disposal Act (2015)

The public procurement practice has continued to evolve in the Kenyan context based on changes in the regulations, stakeholder demands and organizational management frameworks (PPADA, 2015). After the promulgation of the Constitution 2010, there arose a need to include county government operations, to address high level of mismanagement of public funds and corruption and to bring in more other methods of procurement in the public sector; two-stage tendering, design competition, electronic reverse auction, force account, competitive negotiations and framework agreements (Transparency International, 2015). This Act through enactment by provisions of Parliament which are described under Article 227 spells out guidelines of sourcing for goods and services for public entities including the Central and County governments. Moreover, PPADA (2015) describes ethical values that are supposed to be observed by procurement professionals in the Public Sector and clearly states the manner in which suppliers need to conduct their activities to be successfully awarded procurement contracts in the sector. This study therefore recognizes, in its conceptual framework, the

intervention of PPADA (2015) in ensuring successful procurement contract awards in the public sector including all 47 County governments.

Public Procurement in County Governments in Kenya

Kenya has two levels of government, the National government and the County governments (RoK, 2010). Articles 176, 191 and 192 of the Constitution provide for County Governments which comprise of the County Assembly and the County Executive. The devolved system of governance allows for the transfer of powers to the 47 county governments. Kenya's devolution is one of the most ambitious to be implemented globally. In many countries, decentralization is a process of giving political autonomy to administrative units that are already in place.

In Kenya, devolution will entail not only creating new political units, but also creating entirely new systems of administration that will absorb some or all of three existing systems of administration (World Bank, 2011). Each County government is allowed to decentralize its functions to the extent that is feasible (TI, 2014). The national Government has continued to channel equitable resources to the counties every financial year. According to the Commission on Revenue Allocation (CRA & AfriCOG, 2015), counties have received an estimated allocation of over KES 1 trillion from the national Government since 2013. Nairobi county received the largest share at KES 51.6 billion, followed by Turkana and Kakamega counties at KES 39.9 billion and KES 36.9 billion respectively. Lamu and Tharaka Nithi counties were the lowest beneficiaries of the share at KES 8.3 billion and KES 12.9 billion respectively (AfriCOG, 2015). These resources must be managed well to ensure that they are used for projects for which they are meant.

The central government through The National Treasury, rolled out the Integrated Financial Management Information System (IFMIS) to better public finance management, both at the national and county government levels (Veronica, 2015). IFMIS is the computerization and automation of the public finance management process, entailing preparation of budgets and its execution to accountability and reporting using an integrated system for public finance management (Ngang'a, 2011). A study by Otieno, Migiro & Mutambara (2017) on the impact of implementation of IFMIS in Migori County established that IFMIS not only improves transparency and efficiency through payments made direct to contractors and suppliers, but also results to reduce prices due to gains based on the time value of money. IFMIS thus beside other strategies put in place by the county governments, ensures that procurement contracts are successfully awarded to those who deserve to be awarded and that only payments that are due to them are made.

Section 5 of the County Government Act (2012) establishes that the County Governments shall be responsible for any function assigned to them under the constitution or by any Act of Parliament. All these functions converge at quality service delivery to the citizens. Several Acts and laws were thus passed by the parliament for the county governments to run smoothly among them; The County Government Act, 2012; Intergovernmental Relations Act, 2012; Transition to Devolved Government Act, 2012; Urban Areas and Cities Act, 2011; Public Finance Management Act, 2012; Transition County Allocation Revenue Act, 2013; National Government Co-ordination Act, 2013; Constituencies Development Funds Act, 2013 and the Transition County Appropriation Act, 2013.

Procurement in Migori County Government

Migori County was formed on March 4, 2013 alongside other 46 counties in Kenya. It is in the former Nyanza Province of South Western Kenya. Part of its entire 2,597.4 square km piece of land includes approximately 478 square kilometers of water surface in Lake Victoria (ICTA, 2015). It borders Homa-bay County (North),

Kisii County (North East), Narok County (East and South East), Tanzania (South and South West) and Lake Victoria (West). The capital is Migori town, which is its largest town. Migori County is believed to be second to Kisumu County in diversity hosting approximately 917, 171 persons. Only 57% of this population live above the poverty line with age distributions of 0-14 years 49%, 15-64 years 48% and over 65 years 3%. The county has eight (8) Sub counties, each sub-county having procurement staff.

Migori County like the other 46 counties is expected to deliver quality services to its citizens. Therefore its procurement functions and processes are expected to be conducted within the provisions of the public procurement award policies. According to the Internal Auditors Report on Financial Operations by Migori County FY 2013/2014, public procurement has been flawed, beginning from the award of contracts to payment and to disposal after use. A study on the same indicates contracts awarded without invitation to bid, improper procurement procedures used, and other suppliers given contracts yet did not have the capacity to undertake the project. In one case, a payment of Kshs. 145,000 for the supply of curtains was not supported. The report was not able to confirm that the said items were ever supplied. Further on purchase of Motor Vehicles that year, the county government procured 41 Motor Vehicles at a cost of Kshs. 231,678,610 by use of suppliers branch circular no. R04/2011-2012 which had expired on 31 November 2013 (Internal audit, 2014).

The procurements were done by selecting a supplier from the list based on the preferred vehicle type without reference to other suppliers in the list that used different models. This to an extent disadvantaged other suppliers who had used other models to bid unsuccessfully. The Department of Agriculture undertook to construct three water pans in the County, namely; Dak Maguar (Kshs. 2,000,000), Bam Got (Kshs. 2,000,000) and Okenge (Kshs. 2,908,205). The Dak Maguar water pan whose construction commenced on 15 February 2014 and estimated to take four and half weeks was not complete by the year 2015. In March 2014, the Okenge Pan Project also was 20% short completion. The contractors did not have the capacity to undertake the pan construction projects within the stipulated period, a fact which ought to have been detected during tender evaluation (Internal Audit, 2014). Others according to the report include; purchase of plastic water tanks where the procurement procedure used was not appropriate considering the amounts involved for which open tendering should have been used despite the existing cost over-runs already witnessed being, the procurement was not in the procurement plan for the financial year; procurement of motor vehicles insurance services where the insurance services were all procured from a single insurance company at a total cost of Kshs. 7,986,750 using direct procurement method. The reasons advanced for this single sourcing were not justified, a clear show of a flaw in the award of these contracts; Construction of Aedo- Nyamage- Wang'chieng Lela Road where there was no evidence according to the report, how the contractor was sourced and appointed. Further, it could not be determined whether the road works were in the procurement for the year 2013/2014. These warrant assumption that procurement contracts of Migori County were influenced by the “think- tanks” within the government. Procurements not in the procurement plan could be effected in order to favor a single individual or company as a way of siphoning public resources. These specific, are just but a few “miss-awards” that have been witnessed in Migori County government thus sustaining the question, what factors determine successful procurement contracts awards in Migori County, Kenya?

Statement of the Problem

It is reported that 65% of all contracts applied in the County government of Migori are unsuccessful placing the County government of Migori to be amongst the top counties where it is most difficult to successfully bid for a government contract (Standard, 2018). The contracts that were awarded according to EACC (2018) were won by non-existent companies to a tune of KES. 2 billion with the office of the governor allegedly receiving

KES. 39M as kick-backs later wired into external accounts in Australia and Scotland. Improper, irregular and illegal awards are marked for faults and flaws including unnecessary “rush” by the firms awarded the contracts to “book” sites. When the works kick off, in most cases, the works get delayed and completed much later than the time in the government plans. This is absolute overrun that impacts on the quality of work or service done. Those that are done and completed in time are always very shoddy. Some of the reasons attributed to perennial unsuccessful contract awards include; financial constraints by the contractors, inadequate contractual capacity, and wide information gap between the procuring entity and the bidders and inability to meet all the bidding requirements by those who bid for the public procurement contracts.

General Objective

The general objective of this study was to analyze determinants of successful procurement contract awards in the County Government of Migori, Kenya.

Specific Objectives

- i. To determine the influence of Financial Capacity on successful procurement contract awards in the County Government of Migori.
- ii. To establish the influence of Contractual Capacity on successful procurement contract awards in the County Government of Migori.
- iii. To assess to what extent Information Asymmetry influences successful procurement contract awards in the County Government of Migori.
- iv. To determine the influence of Bidding Requirements on successful procurement contract awards in the County Government of Migori.

Hypothesis of the Study

H₀₁: Financial Capacity has no significant influence on successful procurement contract awards in the County Government of Migori.

H₀₂: Contractual Capacity has no significant influence on successful procurement contract awards in the County Government of Migori.

H₀₃: Information Asymmetry has no significant influence on successful procurement contract awards in the County Government of Migori.

H₀₄: Bidding Requirements have no significant influence on successful procurement contract awards in the County Government of Migori

Research Gaps

It is to be noted that there has been an increased interest by the public, government agencies, stakeholders, investors, entrepreneurs and the private sector in the Kenya public procurement process with more concern in the tender (contract) award stage than any other stage in the whole procurement cycle. Their efforts to get proficient in procurement contract awards, however, have faced hurdles as there are but a handful researchers who have published on public procurement with very few touching on the public procurement contract awards. Ayoti (2012), for example, in her study on Factors Influencing Effectiveness in Tendering Process in Public Sector found out that there are weak oversight institutions, lack of transparency, poor linkages between procurements and expenditures, delays and inefficiencies, poor records management, bureaucracy, rampant

corruption, and political interests that have influence on the tendering process in the public sector. She did not address the question of how specifically successful procurement contract awards is carried out in government institutions.

Samuel & Iravo (2016), analyzed effects of supplier selection practices on service delivery in West Pokot County Government. It also failed to address the criteria for supplier selection and government procurement contract awards leaving a gap that this study purposes to fill. Weber et al., (1991) reviewed and classified 74 articles that appeared since 1966 with regard to particular criteria used in supplier selection. In these papers, it comes out that the major supplier selection and thus contract awards determinants include price, delivery, quality, production capacity and location. A study done by Kamenya (2014) as Samuel (2016) cites, established that factors including financial stability, quality issues, and supplier's organizational culture, production capacity of the supplier and preference and reservation have no significant effect on performance. This too failed to address the question of what determines successful procurement contract awards.

Kamenya (2014) focused on the relationship between supplier evaluation and performance in large food and beverage manufacturing firms in Nairobi. In his study on Factors Influencing Implementation of the Laptop project in Public Primary Schools in Kenya, Banju (2014) points out in his findings that implementation of government projects has been faced by various challenges key among them hitches as a result of procurement bottlenecks that have led to court injunctions thereby delaying the projects. Key among the hitches being the flawed procurement contract awards against the requirements; the contracts to be awarded to the lowest evaluated responsive bidder who has been determined to be qualified to perform the contract satisfactorily. He focused on the implementation of the project only but did not consider of interest successful procurement contract awards and if these awards would be a factor in the implementation that he sought in his study.

Mwikali and Kavale (2012) conducted a study seeking to identify factors affecting supplier selection and contract awards, illustrated that; cost, technical capability, quality assessment, organizational profile, service levels, supplier profile and risk factors are the major factors affecting selection of suppliers. Their study concluded that a cost criterion is a key factor affecting supplier selection for it dictates among many elements, the profit margins. Technical capability, quality of materials and profile of the supplier are also closely considered. According to this extensive analysis of previous researches on procurement contracts, it is evident that the researchers, although touch on procurement processes, have not explored criteria for awards of procurement contracts by government procuring entities, thus, a rich research gap exists on the awards of procurement contracts in Kenya government institutions. It is therefore against this background this study was undertaken to bridge the knowledge gap by determining factors influencing successful procurement contract awards in Kenya Government Institutions with specific focus on the County Government of Migori.

II. RESEARCH METHODOLOGY

The target population for this study was Procurement staff and accounts staff involved in the evaluation of tenders in each of the 8 Sub- Counties in Migori County (ICTA, 2015). The study considered the Procurement and Accounts staff because they are fully involved in the execution of procurement tender awards and are in strategic position to have the relevant information sought for this study. Migori County has 41 staff both in the procurement and accounts departments spread across the 8 sub-counties of the County Government of Migori. The study used structured questionnaires to collect data from the respondents. This was done through a drop and collect later basis.

This study had four (4) independent variables and one (1) dependent variable and as such, used Multiple regression analysis. From the Conceptual Framework specified above, Successful Procurements Contract

Awards is a function of Financial Capacity, Contractual Capacity, Information Asymmetry and Bidding Requirements. Data was presented diagrammatically by use of tables as appropriate. This type of presentation is more efficient because of its ability to depict data accurately (Kimechwa, 2015).

The multiple regression equation is as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \alpha$$

Where: **Y** = Dependent variable [Successful Procurement Contract Awards]

β_0 = the regression coefficient/constant/**Y**-intercept,

β_1 , β_2 , β_3 and β_4 are the slopes of the regression equation,

X_1 = Independent variable 1 [Financial Capacity]

X_2 = Independent variable 2 [Contractual Capacity]

X_3 = Independent variable 3 [Information Asymmetry],

X_4 = Independent variable 4 [Bidding Requirements],

α = an error term normally distributed about a mean of 0 and for purpose of computation,

the **α** is assumed to be 0.

All regression models have assumptions which if violated, can result in parameter estimates that may be biased, inconsistent and inefficient (Tengeye, 2018). The assumptions of the regression model are;

- i.) Normality; all errors are normally distributed around zero. Data for multiple regression should be normally distributed (Albers *et al.*, 2017)
- ii.) Multi-collinearity; data must not show multi-collinearity, which occurs when you have two or more independent variables that are highly correlated with each other. This leads to problems with understanding which independent variable contributes to the variance explained in the dependent variable, as well as technical issues in calculating a multiple regression model (Lucy, 2018)
- iii.) Linear relationship. The outcome between the dependent variable and the independent variables should be linear. Linearity denotes to the extent to which the variation in the dependent variable is related to the variation in the independent variables (Ernst *et al.*, 2017)

III. DATA ANALYSIS, FINDINGS AND DISCUSSION

Descriptive Analysis

The study investigated the determinants of successful procurement contract awards in the county Government of Migori, Kenya. Descriptive statistics were summarized in form of frequencies, percentages, means and standards deviation which showed concise answers to each of the statements on the study variables using Likert scale of values ranging from 5 to 1, that is, 5= Strongly Agree, 4= Agree, 3= Neutral, 2= Disagree and 1= Strongly Disagree. Descriptive statistics are summations of responses based on independent variables (Financial Capacity, Contractual Capacity, Information Asymmetry and Bidding Requirements) on the dependent variable (Successful Procurement Contract Awards). The results are presented in the table form showing frequencies of responses as per each statement plus its corresponding percentage score in brackets.

Financial Capacity

This section analyses and presents data relating to the first objective of the study; Influence of Financial Capacity on Successful Procurement Contract Awards in the County Government of Migori, Kenya. The researcher was interested in knowing the influence of financial capacity on; execution of contracts, timely completion of contracts, contractors giving their true financial position and right financial information, contractors bidding contracts that they have financial capacity to undertake. Respondents were asked six questions and their responses summarized in Table 1.

Table 1: Descriptive analysis: Financial Capacity

Statement	Frequency and Percentage (%)						MIN	MAX	Mean	Std. Dev
	Strongly Agree(5)	Agree(4)	Neutral(3)	Disagree(2)	Strongly Disagree(1)					
1. Contractors lack adequate financial capacity to execute contracts	0(0)	4(11.4)	1(2.9)	19(54.3)	11(31.4)	3	2	2.14	.906	
2. Financial Capacity affects timely completion of contracts	12(34.3)	23(65.7)	0(0)	0(0)	0(0)	5	4	4.26	.481	
3. Contractors give their true financial position and right financial information without making alterations to their accounts statements	9(25.7)	23(65.7)	0(0)	3(8.6)	0(0)	2	4	4.54	.781	
4. Contractors only bid for contracts for which they have financial capacity to undertake	1(2.9)	14(40)	0(0)	14(40)	6(17.1)	5	2	3.29	1.25	

5. Financial capacity is the greatest determinant of successful contracts awards	5(14.26)	12(34.3)	0(0)	9(25.7)	5(14.26)	2	4	3.69	1.47
Valid n (listwise)	35								

First the respondents were asked whether contractors lack adequate financial capacity to execute contracts. Majority of the respondents 19 (54.3%) disagreed, and 11 (31.4%) strongly disagreed and only (11.4%) agreed. This implies that, most respondents recognize that financial capacity indeed affect the execution of contracts in the county. These findings are in line with the findings of a study done by Korir & Moronge (2017) on determinants of procurement efficiency in government parastatals in Kenya, which found out that financial capacity has a significant influence on success of procurement efficiency in the Kenya Government Parastatals.

Secondly, the respondents were asked whether financial capacity affects the timely completion of contracts, where majority 23 (65.7%) Agreed and 12 (34.3%) Strongly Agreed. Respondents were also asked whether contractors give their true financial position and right financial information without making alteration to the accounts statements in which most respondents 23 (65.7%) Agreed, 9 (25.7%) Strongly Agreed and 3 (8.6%) Disagreed. Basically, this shows that majority of the contractors who bid for tenders in the County government of Migori are honest and do not take shortcuts neither alter financial figures to give a false implication of their Financial Capacity to win the contracts. The statement that sought to know if Contractors only bid for contracts for which they have financial capacity to undertake was neutral with with a Mean = 3.29 and Std. Dev = 1.25.

Contractual Capacity

This analyses and presents data on objective two of the study that investigated the Influence of Contractual Capacity on Successful Procurement Contract Awards in the County government of Migori. The responses were as summarized in Table 2.

Table 2: Descriptive Analysis: Contractual Capacity

Statement	<u>Frequency and Percentage (%)</u>						MIN	MAX	mean	Std. Dev
	Strongly Agree(5)	Agree(4)	Neutral(3)	Disagree(2)	Strongly Disagree(1)					
1.Contractors who bid have adequate up to date equipment to timely execute works contracts	0(0)	16(45.7)	0(0)	16(45.7)	2(5.7)		5	2	2.19	1.08
2.Contractors have the contractual	0(0)	20(57.1)	0(0)	15(42.9)	0(0)		2	4	3.72	1.00

capacity to enter into contractual agreements										
3.Lack of contractual capacity has led to debarment of contractors from winning tenders in Migori County, Kenya	6(17.1)	29(82.9)	0(0)	0(0)	0(0)	5	4	4.68	.382	
4. Contractors have enough Human resources with relevant skills to execute contracts	0(0)	16(45.7)	2(5.7)	17(48.6)	0(0)	3	2	3.02	.984	
Valid n (listwise)	35									

First, the respondents were asked whether contractors who bid have adequate and up to date equipment to timely execute works contracts. Most of them Agreed and others Strongly Disagreed 16(45.7%) and 2(5.7%) respectively however, sizable number Disagreed 16 (45.7%). Overall, the respondents disagreed to the fact that contractors who bid have adequate and up to date equipment to timely execute works contracts with the Mean = 2.19 and Std. Dev. = 1.08. Most of the contractors who bid for works contracts always hire equipment for use. Secondly the respondents were asked whether contractors have contractual capacity to enter contractual agreements. A majority 20(57.1%) of them Agreed, this confirms that contractual capacity to enter into contractual agreement is a basic parameter towards successful contract award. Akali (2018) had similar findings that to a large extent, contractor’s technical and contractual skills influence the performance of road construction projects. He further agrees that deficiency in contractor’s technical skills impacts negatively on the integrity and quality of works delivered which affects their chances of being awarded such contracts in future.

Thirdly the respondents were asked whether lack of contractual capacity has led to debarment of contractors from winning tenders in the County government of Migori. 29 (82.9%) Agreed while 6(17.1%) Strongly Agreed indicating that only those contractors who have adequate contractual capacity are successfully awarded procurement contracts in the County Government of Migori. Lastly the respondents were asked whether contractors have enough human resources with relevant skills to execute contracts. A major portion 17(48.6%) Disagreed, 2(5.7%) were not sure while 16(45.7%) Agreed to the fact with a Mean = 3.02 and Std. Dev. = .984

Information Asymmetry

This section presents analyzed data on objective three of the study that investigated the Influence of Information Asymmetry on Successful Procurement Contract Awards in the County Government of Migori. The study established the respondents’ perception on influence of information asymmetry on issues such as; the knowledge of the contractors on bidding , the accessibility of information on contracts and the related costs of obtaining same information. Respondents were asked three questions and the responses are summarized in Table 3;

Table 3: Descriptive analysis: Information Asymmetry

Statement	Frequency and Percentage (%)						MIN	MAX	mean	Std. Dev
	Strongly Agree(5)	Agree(4)	Neutral(3)	Disagree(2)	Strongly Disagree(1)					
1. Contractors do not know how to go about winning and being awarded a contract	0(0)	6(17.1)	0(0)	21(60.0)	8(22.9)	4	2	2.9	.963	
2. Information about tenders is cheap and readily accessible to contractors in Migori County Government, Kenya.	8(22.9)	27(77.1)	0(0)	0(0)	0(0)	5	4	4.76	.426	
3. There is balanced information between the County Government Procurement/Accounts officers and the Contractors as regards goods, services and works qualities, features and prices	6(17.1)	23(65.7)	0(0)	6(17.1)	6(17.1)	1	4	3.26	.923	

Valid n (listwise) 35

First the respondents were asked whether the contractors do not know how to go about winning and being awarded contracts. 21 (60%) Disagreed to the fact while 8 (22.9%) Strongly Disagreed to the statement. This indicates that a large number of contractors do have the information on the contracts that are available in the county, hence a good indicator for little if any, information asymmetry. Secondly the respondents were asked whether information about tenders is cheap and readily accessible to contractors in the County Government of Migori. The majority 27 (77.1%) Agreed with the statement while 8 (22.9%) Strongly Agreed; an indicator that costs of obtaining the information about contracts at the County Government of Migori are cheap and affordable to everyone. Thirdly, the respondents were asked whether there is balanced information between county government procurement/account officers and the contractors as regards goods, services and works qualities, features and prices. The responses show that majority 23(65.7%) Agreed and 6(17.1%) Strongly Agreed. These findings however differ from those of Kathure (2013), that Information on public procurement and tendering is not adequately available to SMEs thus poor access to the little information availed to them. Agreeably based on this analysis, thus that information asymmetry plays a pivotal role in winning procurement contracts by firms whether well - established or micro – enterprises.

Bidding Requirements

This section presents analyzed data on objective four of the study that investigated the role of bidding requirements on SPCA. The investigator was interested in knowing the respondents’ perception on the influence of bidding requirements, that is, required attachment and preliminary documents, bank credit status and previous performances of the contractor. The respondents were asked three questions and their responses were summarized in Table 4.

Table 4: Descriptive analysis: Bidding Requirements

Statement	<u>Frequency and Percentage (%)</u>						MIN	MAX	Std. mean	Std. Dev
	Strongly Agree(5)	Agree(4)	Neutral(3)	Disagree(2)	Strongly Disagree(1)					
1.Requirements for bidding are many and discourage contractors from bidding	0(0)	0(0)	0(0)	13(37.1)	22(62.9)		2	1	1.77	.490
2. Contractors always have all the bidding requirements at the time of evaluation	3(8.6)	19(54.3)	0(0)	13(37.1)	0(0)		5	4	4.14	1.08
3. Bidding requirements have not been a major challenge and reduce chances of being	9(25.6)	26(74.4)	0(0)	0(0)	0(0)		5	4	4.34	.443

awarded a contract

Valid n (listwise) 35

Firstly respondents were asked whether requirements for bidding are many and discourage contractors from bidding, 22(62.9%) Strongly Disagreed to this while 13(37.1%) Disagreed. These responses indicate that bidding requirements are clear and easy to get and place for possible procurement contract awards in the County Government of Migori. Secondly, the respondents were asked whether contractors always have all the bidding requirements at the time of evaluation. According to the responses, 19(54.3%) which forms the majority Agreed and 3(8.6%) Strongly Agreed with number and 13(37.1%) Disagreeing with the statement. From the responses, it is evident that the large number of bidders have the necessary requirements at the point of evaluation. Thirdly the respondents were asked whether bidding requirements have not been a major challenge and reduce chances of being awarded a contract. 26(74.4%) Agreed while 9(25.6%) Strongly Agreed. This shows that majority of those who bid for contracts find it easy to file Leadership and Integrity documents according to Chapter 6 of the Kenya Constitution (2010) plus other attachment documents as required by procuring entities.

Inferential Analysis

Inferential Analysis is based on Linear and Multiple Regression Analysis. Assumptions of Multiple Regression Analysis were taken into consideration.

Testing of Regression Model Assumptions

Normality Test was done using skewness and kurtosis as shown in Table 5;

Table 5: Normality Test: Skewness and Kurtosis

Variables	N	Mean		Std. Dev.		Skewness		Kurtosis	
		Statistic	Std. Error	Statistic	Std. Error	Statistic	Std. Error	Statistic	Std. Error
Financial Capacity	35	1.29	.701	.443	.1098	.374	.271	.733	
Contractual Capacity	35	.965	.417	.263	.030	.374	-.640	.733	
Information Asymmetry	35	.718	.237	.150	.741	.374	.1053	.733	
Bidding Requirements	35	.970	.306	.193	-.620	.374	-.903	.733	
SPCA	35	.625	.208	.131	.222	.374	-1.790	.733	

At 95% level of Significance

The highest standard deviation was 0.4435 implying minimal variations with mean thus normal distribution of data. As a general rule of the thumb, skewness that is between -1 and 1 shows approximately moderate distribution. The highest skewness was 0.741 and highest kurtosis was 0.271 both being within limits of ± 1 limits thus within normality test fit. There was thus, no problem of normality.

Linearity Test was done to check the actual strength of all relationships and results presented in Table 6;

Table 6: Correlations

		Financial Capacity	Contractual Capacity	Information Asymmetry	Bidding Requirements	SPCA
Financial Capacity	Pearson Correlation	1				
Contractual Capacity	Pearson Correlation	.456	1			
Information Asymmetry	Pearson Correlation	.422	.436	1		
Bidding Requirements	Pearson Correlation	.412	.327	.321	1	
SPCA	Pearson Correlation	.326**	.369**	.362	.441**	1
	Valid N	35	35	35	35	35

***Correlation is significant at 0.05 level (2-tailed)*

According to Tenengeye (2018), linear models predict values which fall in straight line by having a constant unit change of the independent variable. This was tested using Pearson’s correlation coefficient. As a rule of the thumb, coefficient value (r) ranging from 0.10 to 0.29 is considered weak, from 0.30 to 0.49 is considered medium and from 0.5 to 1.0 is considered strong (Tenengeye, 2018). The correlation results in Table 6 show the predictor variables were all significant at $p < 0.1$, $p < 0.05$ level.

Multi-collinearity was tested using the Tolerance value and the Variance Inflation Factor (VIF). Variance Inflation Factor >10 and Tolerance <0.1 suggests multi-collinearity (Matasio, 2017). The results in Table 7 below show that there was no problem of multi-collinearity.

Table 7: Collinearity Diagnostics Coefficients^a

1 Model	<u>Collinearity Statistics</u>	
	Tolerance	VIF
(Constant)	.900	1.112
Financial Capacity	.847	1.181
Contractual Capacity	.908	1.101
Information Asymmetry	.877	1.141
Bidding Requirements	.900	1.112

a. Dependent Variable: Successful Procurement Contract Awards

Standard Multiple Regression Results –Combined Direct Effects

This multiple regression analysis was computed to assess the combined effect of Independent Variables on the Dependent Variable (Successful Procurement Contract Awards).

Table 8: Model Summary

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate	R Square Change	F Change	Sig. Change	F
1	.512 ^a	.262	.244		.48236	.262	17.47	.00	

The regression results in the Table above show combined regression results of Independent Variables (Financial Capacity, Contractual Capacity, Information Asymmetry, and Bidding Requirements) on the Dependent Variable (Successful Procurement Contract Awards) ; $R^2 = 0.262$, $F = 17.47$, significant at $p < 0.001$. This indicates 26.2% of the variation is caused by the combined effect of independent variables in this study model while 73.8% variation is caused by other factors not included in this model. This is a general significant influence of the IVs on the DV.

Table 9: Analysis of Variance

Model	Sum of Squares	df	Mean Square	F	Sig.
1. Regression	8.103	4	2.2566	13.171	.000 ^b
Residual	4.614	30	.154		
Total	12.717	34			

From the ANOVA Table, it is very clear that the overall standard regression model (the model involving constant, financial capacity, contractual capacity, information asymmetry and bidding requirements) is significant in predicting how the IVs determine the Dependent Variable. The regression model achieves a high degree of fit as reflected by an R^2 of 0.262 and ($F=13.171$; $p=0.001 < 0.05$)

Table 10: Coefficients ^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.591	0.268		5.937	.000
Financial Capacity	.258	.087	.033	2.966	.002
Contractual Capacity	.613	.026	.289	2.356	.001
Information Asymmetry	.051	.040	.109	.1.275	.132
Bidding Requirements	.140	.042	.054	.333	.000

a. Dependent Variable: Successful Procurement Contract Awards

From the value of unstandardized regression coefficient table, results of independent variable Financial Capacity as $\beta = 0.258$ at $p < 0.002$; Contractual Capacity $\beta = 0.613$ at $p < 0.001$; Bidding Requirements $\beta = 0.140$ at $p < 0.000$, were significant while Information Asymmetry was not statistically significant; $\beta = 0.051$ at $p < 0.132$; $p > 0.05$. Therefore the multiple regression equation for overall influence of significant independent variable on Successful Procurement Contract Awards is;

$$(i) \quad Y = 1.591 + 0.258X_1 + 0.613X_2 + 0.051X_3 + 0.140X_4$$

Where;

Y= Successful Procurement Contract Awards

1.591= Constant Term

X₁= Financial Capacity

X₂= Contractual Capacity

X₃= Information Asymmetry

X₄= Bidding Requirements

Results of Hypothesis Testing

This part deliberates the hypothesis of the study from the multiple regression results.

Hypothesis one (H₀₁), stated that financial capacity has no significant influence on successful procurement contract awards in the County Government of Migori. From Table 10 above, the beta coefficient of financial capacity is $\beta = .258$; $p < 0.001$ at $P < 0.01$. The results therefore fail to accept the hypothesis because the results show that financial capacity has a positive relationship with SPCA. This means that a unit increase in financial capacity of contractors, the County Government of Migori SPCA will significantly increase by 0.258 units with a standard error of 0.087. These results are in line with the findings of Akali & Sakaja (2018), that the contractor's financial capacity is the resource he requires to smoothen the progress of implementation of the construction works in site, and including supply of goods and services.

Hypothesis two (H₀₂) stated that contractual capacity has no significant influence on successful procurement contract awards in the County Government of Migori. The results in Table 10 show beta coefficient of contractual capacity as $\beta = .613$; $p < 0.001$. The results therefore fail to accept the hypothesis two (H₀₂) because the results show that contractual capacity is positively related to SPCA and a unit increase in contractual capacity of contractors will significantly increase by 0.613 units of SPCA with a standard error of 0.026. The results support (EPPA, 2014), that inserts that in terms of performance and /functional requirements, technical specifications need to be fulfilled by a contractor in order to be awarded respective contracts as they are a presumptive mean of the conformity with the performance level and with the respective functional requirements.

Hypothesis three H₀₃) stated that information asymmetry has no significant influence on successful procurement contract awards in the County Government of Migori. From the Table 10 above, the results of beta coefficient of information asymmetry is $\beta = .051$; $p = 0.132$ $p > 0.001$ indicating a statistically insignificant p value of $p = 0.132$. The hypothesis is therefore accepted because from the study results of Table 4.16, there is

no significant relationship between information asymmetry and successful procurement contract awards in the County Government of Migori. Thus, a unit change in information asymmetry does not yield a significant change in successful procurement contract awards in the County Government of Migori. The results are not consistent with the findings of a study by Fuquiang & Zang (2010) on supply contracting under information asymmetry, delivery and performance consideration which found out that in the presence of asymmetric information, the buyer only needs to use a fixed number rather than a complex menu to ensure satisfactory delivery performance from the supplier. These findings by Fuquiang & Zang (2010) implied that information asymmetry has a way of influencing performance and service delivery by contractors to procuring entities.

Hypothesis four (H₀₄) stated that bidding requirements have no significant influence on successful procurement contract awards in the County Government of Migori. From the Table 10 above, beta coefficient of bidding requirements is $\beta=0.140$; $p<0.001$ with a standard error of 0.084. The results therefore failed to accept the hypothesis since the results show a significant positive relationship between bidding requirements and SPCA in the County Government of Migori. This means therefore that a unit increase in satisfying the bidding requirements for contracts by contractors will significantly increase SPCA by 0.14. The results are in agreement with the findings of Yegon (2018) in his study on Determinants of Procurement Contract Management of Selected State Corporations in Nakuru County, Kenya. He found out that there is a positive and statistically significant relationship between the quality of contract documentation, which is a bidding requirement, and the effectiveness of contract management which goes through SPCA ($\beta=0.243$, $p=0.042$)

Summary of Findings

The overall objective of the study was to analyze the determinants of successful procurement contract awards in the County Government of Migori, Kenya. There were four specific objectives of the study namely; (i) To determine the influence of Financial Capacity on successful procurement contract awards in the County Government of Migori;(ii)To establish the influence of Contractual Capacity on successful procurement contract awards in the County Government of Migori;(iii)To assess to what extent Information Asymmetry influences successful procurement contract awards in the County Government of Migori; (iv)To determine the influence of Bidding Requirements on successful procurement contract awards in the County Government of Migori.

Standard Multiple regression analysis was conducted to determine the variation of the independent variables on the dependent variable. Results show a general significant influence of the independent variable on the dependent variable. All the three independent variables (financial capacity, contractual capacity and bidding requirements) had significant positive relationship with the dependent variable (successful procurement contract awards) while the independent variable (information asymmetry) had an insignificant relationship with the dependent variable.

The study found out that most contractors who bid for contracts in the County Government of Migori are honest and always give their true financial position at the time of bidding. The study also found out that those who bid for works contracts in most cases hire the equipment and are able to timely execute contracts awarded. Further, the study established that information about tenders in the county is cheap and accessible to everyone. Relevant information about all the tenders a were circulated in the local dailies of national circulation as required by the Act and could also be accessed through the website of the County Government of Migori. Adherence to bidding requirements by contracts was found to be at its peak and that bidding requirements were not too many to discourage contracts from bidding.

Conclusions

First, the study clearly showed that most contractors who bid for contracts source alternative funding to accomplish the awarded contracts and thus do not rely on the government up-front payments for use in the execution of contracts especially those that require huge sums of money. This therefore may play into timely completion of contracts in the County Government as well as other government institutions and agencies where quality service delivery is expected. Researchers have agreed that those contractors with robust financial muscle; financial base, satisfactory account statements and consistent, huge and not window-dressed account turnovers be awarded contracts when all other parameters of the contractual engagement are met. Secondly, contractual capacity has been confirmed by studies and in this study too to have significant influence on successful procurement contract awards in County Governments, and in the County Government of Migori in particular.

Information is cheap and readily available to those who would wish to tender with the County Government of Migori. There exists little, if any, information gap between the contractors and themselves, and the contractors and the procuring entity-the County Government of Migori. The study found out that information asymmetry is not a major predictor variable in successful procurement contract awards. Lastly, fulfillment of bidding requirements including preliminary and attachment documents have been confirmed to place contractors at a vantage position to win contracts. Studies have also shown that quality contractors are those who are responsible enough to fulfill all the bidding requirements including registration with relevant professional bodies and are less likely to abandon contracts mid-way before their completion. It is proven as a litmus test for contractors who place their bids.

Recommendations

Based on the findings of this study and conclusions drawn, the study recommends;

First, county governments should award contracts to only those who have been properly evaluated and have the financial capacity to execute those contracts to completion. This would avoid losses incurred from contractors who for example abandon sites and seek for payments before completing those contracts awarded to them. This should be adhered to (to) avoid mis-awards which would make most reliable contractors to shy away from doing business with the county governments. The government should invest in heavy machinery equipment and other capital goods which individual contractors would find too costly to purchase and maintain and thus lock them out from winning contracts even if they surpass the other parameters of the contract. Instead of contractors hiring these equipment for works contracts from other expensive profit-making firms, the equipment should be available at the relevant departments for hire which reduces contingent costs of the procurement contract award. The government should establish entrepreneurship clinics where young companies and their owners who may not fairly compete with established firms in winning tenders are occasionally coached through to the growth of their firms and possible creation of employment opportunities to the youth in the spirit of preference and reservations of all government tenders to the disabled persons; youth, women, persons with disabilities and those who come from marginalized communities and areas.

Areas for Further Research

First, another study can be done with the target respondents including the contractors to ascertain whether the study would yield similar findings if the perspective of the contractors is taken into consideration.

Lastly, other predictor variables; political and trade links and pricing may be included in another study if they indeed influence successful procurement contract awards especially in mega-government contracts.

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