

## **EFFECT OF PROCUREMENT TRAINING PRACTICES ON IMPLEMENTATION OF PROCUREMENT PRACTICES IN PUBLIC INSTITUTIONS**

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**Abstract:** *The main aim of this paper was to determine effect of procurement training practices on the implementation of procurement practices in Public institutions in Kenya. The study was guided by Resource Based View theory. The study used simple random technique to select 120 employees from population of 400 staff drawn from Procurement department in National Youth Service. Data was collected using structured questionnaires. Data analysis technique used included descriptive (mean, percentages, mode) and inferential statistics (regression and correlation analysis). The findings of the study showed that implementation of procurement practices in public institutions in Kenya are highly influenced by training. It is thus concluded that training in procurement practices improves implementation of procurement practices in public institutions in Kenya. Therefore, for a successful implementation of procurement practices in Kenya, the study recommends that management of public entities should invest extensively in employees training to ensure staff skills, competency and proficiency; all suppliers involved in procurement activities with all public institutions in Kenya.*

**Keywords:** *Training Practices, Procurement Practices, Public Institutions*

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### **1. Introduction**

Procurement has been referred to as services or goods acquisition for the use by the government or individuals. According to Wisner, Tan, & Leong, (2014), Procuring Entities (PE) all over the world are faced with the challenge of reducing procurement ineffectiveness as well as addressing issues of procurement malpractices with a view to getting value for money as well as quality goods. This explains why, according to World Bank (2010), PEs in both the developed and developing countries are pitting a lot of emphasis on reforms in the procurement function, revising procurement rules as well as coming up with legislation on the legal measures to be taken against those who make governments lose huge amounts of money through inflated bid prices.

Public procurement has enormous importance because of the impact it has to the global economy. Therefore, it does not really shock that procurement processes are the most regulated in so many countries, and this is done both internally and internationally with some agents. According to Pidaparthi, (2006) reasons procurement has attracted increased regulations across the world is for prevention of fraud, waste, and corruption and this is often executed in a manner which enhances the transparency of the process while also making it efficient and simple. In many countries, some laws and regulations have been created which mandate a procuring entity to provide public tenders if the value exceeds a prescribed amount McCrudden, (2008). One

of the most important areas of government procurement, especially in developing countries, is information related infrastructure to help in e-governance, ecommerce, and E-banking.

According to Gadde (2007) effective implementation of procurement related activities or practices is dependent on the compliance level with the regulations put in place, utilizing low expenditure, accountability, transparency of using funds and accessing products and services which are quality. Sobczak (2008) noted that effective implementation of procurement activities is critical in enhancing the purchasing decisions. One of the critical factors to achieve efficiency in procurement implementation is having a good relationship between the suppliers and the buyers. This means that a procurement entity should have procedures that appraise the suppliers and equip them with the necessary knowledge to supply the best products while also following the laid-out procedures. According to Elliot (2007) the lowest price does not necessarily mean or equate to the best supplier.

One of the other factors that has a direct impact on implementing procurement practices is the level of independency that the procurement department has been provided with (Simpson & Power 2007). The success of the procurement entity in terms of effectiveness is dependent on the level to which the department is independence when making its purchasing decisions. When the procurement professionals are left to make their own decisions without political influence, effectiveness could be achieved. Nonetheless, at times, procurement officers receive directives from seniors on who to give specific tenders and which payments ought to be processed for payment and those not to (McCrudden, 2008).

An article appearing on the legal edge (2008) listed down numerous actions which could be referred to as the best procurement practices which continue evolving and depending on other sectors and procurement stakeholders, the number of these practices can be higher. Organisations that are able to put in place procurement systems with some of these practices are able to succeed in doing the right thing at the right time. The presence of strong industry regulations and guidelines is a critical factor which contributes to implementation of the best procurement practices. These regulations should be easily understandable by all parties including the suppliers of the services and goods. Individuals who are in charge of the procuring entity should constantly be updated on the laws and regulations guiding procurement for purposes of discharging their roles as prescribed. This follows the need for a procuring department which is independence in its set up and subsequently decision making. The growth of IT systems in the recent times has become significant in the quest to have the procurement department independence as accountability and transparency has continued to increase.

Kenya et al., (2010) noted that implementing of Acts related to procurement has gained from having the procurement function in Kenya decentralized for example, there are different committees under the Act such as the tendering committee which is mandated to award tenders to the winning candidate after making a fair evaluation of all the applicants. When the independence of these sub-institutions is respected, there is the possibility of reducing corruption cases as compromising a large group of people is hard as compared to when dealing with a single person. At the same time, having competent individuals run the procurement entity in terms of their experience and skills is vital to successful implementation of the best practices (Gachomba, 2012).

Public institutions in Kenya, NYS included are expected to adopt prudent procurement practices during the implementation of the procurement practices. If the process is conducted in accordance with the Public Procurement and Asset Disposal Act 2015 (PPADA 2015) and Regulations 2006, Procuring Entities (PEs) will get goods and services in time, get value for money, have inspection and acceptance committees in place to

ascertain quality of goods, have proper storage for goods and materials to minimize spoilage and deterioration and dispose of assets and surplus stores in good time to realize meaningful residue value.

However, most of the public institutions in Kenya are not able to account for the much resources allocated to them by the national government in terms of capitation which are lost during the implementation of procurement practices. EACC (2015) conducted a research on an evaluation of corruption in procurement practices. The findings were that a lot needed to be done on the staff knowledge and adherence to the PPADA 2015, procurement plans and public procurement practices hence the need for training on procurement practices. From the reports, there is a big challenge in how procurement practices in government institutions are being implemented some of which revolve value for money, ethical standards, competition, transparency and accountability due to lack of factors like independence, automation, training, supplier involvement and the establishment of a trade union, factors that would positively influence the implementation process.

The empirical studies available shows that a number of studies have been conducted within the public institutions in Kenya to examine the factors influencing the implementation of procurement practices but with less focus on full automation of procurement processes, supplier involvement and training and in particular, few studies if not none have been done to examine aspects of a trade union for procurement officers and independence of the procurement department. Odero and Ayub (2017) studied how procurement practices affect the performance of sugar manufacturing companies in western Kenya using a census where they gave 62 questionnaires to their respondents. The questionnaires generated a participation rate of 72%. The findings of the study revealed that there was a huge connection between the procurement practices, the staff and procurement plans involved. However, the study failed to clearly depict how the staff and procurement plans would influence procurement practices. Thus, this study intended to fill the above gaps and therefore examined the factors influencing implementation of procurement practices within public institutions in Kenya.

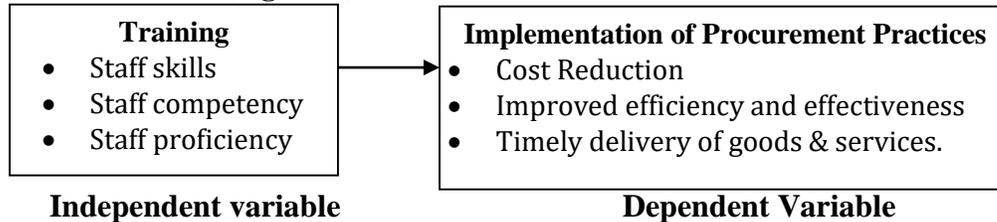
## **2. Theoretical Framework**

The study was anchored on Resource Based View Theory. The Resource Based View Theory was highlighted by Porter (1980) and suggests that using exceptional organizational ability and resource, the organization can easily increase its performance. The theory has the intuition that organizations are conglomerates which provide a competitive edge as well as providing resources which can be sharpened further if the organizations have unique or superior resources which cannot be replaced. Porter (1980) echoes on the urgency for organizations to come up with approaches which bring together the best organizations within their environment by referring to three basic strategies which a company can use to acquire or preserve a competitive advantage over other competitors. The basic strategies include cost leadership, differentiation and market segmentation. According to Porter (1980), the environment has various opportunities as well as threats and they need to be analyzed using the power of buyers and suppliers, the potential to have new customers, the substitute products offered by other companies and the rivalry between the organization and other competitors.

Thompson et al., (2007) enhanced Porter's model by acknowledging that customers have a greater chance for sustainability if: buyers are few, the client is imperative to the seller, the expenses of choosing another brand or a substitute are fairly low, the buyer's request is not the main priority and the purchasers scramble to get offers for their purchases. Nevertheless, the customer should be educated about the items, the costs and the caution to take if or when they are buying them. Consequently, this theory has been used to explain the training on procurement practices variable. One of the vital resources in any organisation is skilled, experienced, and knowledgeable employees. All these attributes can be achieved through ensuring that adequate training and development programs are put in place annually. The world is continuously changing which means employees

within the procurement function require refresher courses and training to keep them-up-to date with the trends in the profession. Trained employees are a vital to the success of any organisation as the procurement function is done effectively and efficiently to save the firm unnecessary expenses where needed.

### 3. Conceptual Framework (Figure 1)



#### Training on Procurement Activities

Skills are important for the procurement managers and can be achieved by training. Modern logisticians no longer need skills to understand how to reduce the rates charged per mile on specific lanes or on how to operate warehouses (Sheffi & Klaus 2007). The procurement managers have to be ready to create supply chains that not only react to the present situations but also have to adapt and coordinate to the services which need a higher level of managerial talent compared to the basic operational activities. However, these supply chains have special situations and are therefore difficult to implement in the short run. In the next decade, management will have a major challenge due to the lack of trained or qualified supply chain managers. Nonetheless, curbing these challenges will require changes in supply chain education and logistics according to Closs, (2015).

According to Ameyaw, Mensah, & Osei-Tutu, (2012) current educational needs required by logisticians and the supply chain managers can be classified using two terms namely competency and skills. The skills impact general and context independent knowledge while competencies involve context-dependent or experienced-based knowledge. Skills involve general rules and tools which are taught in logistic classes and are significant for the learner. Ameyaw, et al., (2012) emphasised that procurement learners or practitioners need context-dependent knowledge in order to acquire the competence levels in the discipline of logistics throughout their experience in the organization. Employees have to remain in the organization to be regarded as competent (Witt, 2009). Competent practitioners make decisions due to certain rules imposed on them although with organizational experience, they can stop using the rule-based analysis and make their holistic, synchronic and intuitive decisions.

#### 4. Empirical Review

Previous researches which are relevant to the study topic define the empirical perspective with a vision of making the previous researches done by various scholars more sensible (Creswel 2014). Nderitu and Ngugi (2014) researched on the competence of employees and the effects of green procurement based on the performance of the firm in the production sector. The research used 37 samples which represented 30% of the target population although the main populous was 600 employees. The findings from the research showed that green procurement was affected by employee competence, its policy, application of information communication technology and capital expenditure. Odero and Ayub (2017) studied how procurement practices affect the performance of sugar manufacturing companies in western Kenya using a census where they gave 62 questionnaires to their respondents. The questionnaires generated a participation rate of 72%. The findings of the study revealed that there was a huge connection between the procurement practices, the staff and procurement plans involved.

Despite the fact that Kenya's public institutions have been faced with many procurement challenges, less studies have been conducted to examine the factors which influence implementation of procurement practices. In particular, there are no studies whose variables have examined the role which independence of procurement department would play in influencing implementation of procurement practices. Further, no study has ever examined the influence of a functional a trade union for procurement professionals on the implementation of procurement related practices. Many of the studies available on information technology in the public sector have not focused on the option of full automation. In addition, many of the available studies on supplier involvement have been done in the private sector within the manufacturing industry. Thus, the present study adopted full automation of procurement practices, independence of the procurement department, trade union of procurement officers, supplier involvement, and training on procurement practices as the research independent variables. The proposed dependent variable is implementation of procurement practices in public institutions in Kenya.

Therefore, this study aims to fill the missing gaps by determining how unique factors like independence of the procurement department, automation of procurement activities, trade union, supplier involvement and training would influence the implementation of procurement practices and offering recommendations to the public institutions in Kenya.

## 5. Methodology

The study conducted used the descriptive research technique. The target population of the study was 400 staff drawn from Procurement planning section, Procurement contract management section, Stores and Disposal section and Procurement supplies management section working within the National Youth Service. The study employed the method of stratified random sampling to select a sample size of 120 staff. During collection of primary data, structured questionnaires were issued by the researcher resulting into quantitative data. Data was analysed using descriptive statistics such as the percentages, standard deviation, the mean and the frequency distribution. A linear regression model below was utilised to analyse the relationship between the dependent variables and independent variables ...

$$Y = \beta_0 + \beta_1 X_1 + \varepsilon$$

Where: Y is implementation of procurement practices in public institutions in Kenya as coded from the questionnaire.  $\alpha$  is a constant.  $X_1$ , are coded variables representing; training on procurement practices are the beta coefficients.  $\varepsilon$  is the error term. The importance of the model when determining the connection between the independent variables as well as the enactment of procurement activities is done by t-tests and analyzing the variance (ANOVA).

## Findings And Discussion

The purpose of this section is to present the data that the researcher collected from the respondents through questionnaires as the main research instrument. The section describes the data analysis, presentation and interpretation of the findings. The data presented below was tabulated, and analysed through SPSS version 20.0 scientific analytical tool.

## 6. Descriptive statistics

The researcher asked how training on procurement practices influence implementation of procurement practices in public institutions in Kenya. The results indicate that, procurement staffs have attended training to improve their skills on procurement practices (mean =3.21, Std=1.238. Nevertheless, results showed that the

institution is not committed to have employees equipped with competent skills to handle procurement practices (Mean =2.77, Std =1.444). Results also showed that suppliers at the institution are trained on the procurement practices and institution's procurement staffs are highly trained in the procurement practices (Mean=3.25, Std =1.333). However, it was revealed that benefits of training staff on procurement practices are more than the costs. Procurement staff at the institution undertakes refresher procurement courses.

The results are in line with Ameyaw, Mensah, & Osei-Tutu, (2012) who stated that the current educational needs required by logisticians and the supply chain managers can be classified using two terms namely competency and skills. The skills impact general and context independent knowledge while competencies involve context-dependent or experienced-based knowledge. Skills involve general rules and tools which are taught in logistic classes and are significant for the learner. Ameyaw, et al., (2012) emphasised that procurement learners or practitioners need context-dependent knowledge in order to acquire the competence levels in the discipline of logistics throughout their experience in the organization. Employees have to remain in the organization to be regarded as competent (Witt, 2009). Competent practitioners make decisions due to certain rules imposed on them although with organizational experience, they can stop using the rule-based analysis and make their holistic, synchronic and intuitive decisions.

**Table 1 Procurement training practices**

	Mean	Std Dev
I have attended training to improve skills on procurement practices?	3.21	1.238
The institution is committed to have employees equipped with competent skills to handle procurement practices	2.77	1.444
The suppliers at the institution are trained on procurement practices	3.25	1.333
The institution's procurement staff are highly trained on procurement practices	2.45	1.423
Benefits of training staff on procurement practices are more than the costs	2.03	1.172
Procurement staff at the institution undertake refresher procurement courses	2.84	1.069
Average	2.76	1.28

## 7. Implementation of procurement practices in public institutions in Kenya

In this section implementation of procurement practices in public institutions in Kenya was examined. Findings revealed that institution has a high compliance to procurement laws and regulations. It was also shown that quality of goods and services was high. Nevertheless, respondents agreed as well as the least percentage of people who strongly agreed forming. The study also indicated that there was a high procurement level where most participants. when compared to other government entities, the institution had a high ranking in implementing the procurement practices. Indications from the results suggest that the institution's adherence to procurement plan budgetary and allocations. Finally, there is accountability and transparency of procurement funds at the institution. From the findings above, most of the respondents are in agreement that implementation of procurement practices in public institutions has not been conducted as per the set guidelines.

**Table 2 Implementation of procurement practices in public institutions in Kenya**

	Mean	Std Dev
The institution has a high compliance to procurement laws and regulations	3.28	1.32
The quality of procured goods and services is high	3.00	1.19
There is high level procurement expenditure minimization	3.01	1.38

Compared to other government entities, the institution has a high ranking in implementation of procurement practices	3.47	1.31
The institution adheres to the procurement plan budgetary allocations	3.01	1.28
There is accountability and transparency of procurement funds at the institution	3.30	1.19
<b>Average</b>	<b>3.18</b>	<b>1.28</b>

### 8. Inferential Analysis

Inferential analysis was conducted to generate correlation results, model of fitness, and analysis of the variance and regression coefficients. The results of the study also depict that there is a significant and positive relationship between procurement training and the implementation of procurement practices ( $r=0.812$ ,  $p=0.000$ ). The results shown in table 3, present the fitness of model used of the regression model in explaining the study phenomena. Forming a trade union for procurement officers, training of procurement professionals, automation of procurement, independence of the procurement department, and supplier involvement were found to be satisfactorily variables in explaining implementation of procurement practices in a government entity in Kenya. This is supported by coefficient of determination also known as the R square of 33.3%. This means that training of procurement professionals explain 33.3% of the variations in the dependent variable which is implementation of procurement practices at NYS. These results also imply that the model applied to link the relationship of the variables was satisfactory. Table 3 below, provides the results on the analysis of the variance (ANOVA). The results indicate that the overall model was statistically significant. Further, the results imply that the independent variables are good predictors of implementation of procurement practices at NYS. This was supported by an F statistic of 101.870 and the reported p value (0.000) which was less than the conventional probability of 0.05. Further, in relation to procurement training, this variable has a significant and positive relationship with implementation of procurement practices at NYS ( $\beta=0.443$ ,  $p=0.000$ ). This means that a change in procurement training at NYS would lead to 0.443-unit change in implementation of procurement practices at the institution.

**Table 3 Correlation and Regression Results**

	Unstandardized Coefficients			Standardized Coefficients		correlation r
	B	Std. Error	Beta	t	Sig.	
(Constant)	-0.02	0.14		-0.15	0.89	
Procurement training	0.44	0.06	0.43	7.50	0.00	.677**
<b>Model Fitness</b>						
ANOVA(F stat)	101.87					
ANOVA(F prob)	0.00					

a. Dependent Variable: Implementation of Procurement practices

### 9. Conclusion and recommendation

The study also indicated that there is a significant and positive relationship between training on procurement practices and the implementation of procurement practices ( $r=0.812$ ,  $p=0.000$ ). This means that a change in training on procurement practices would lead to 0.443-unit change in implementation of procurement practices. Thus, recommends the government policy makers and the management of public entities should invest extensively in employees training to ensure staff skills, competency and proficiency by emphasizing and promoting the culture of learning organizations that is different from the current trends where many institutions use seminars and workshops as the only method of training. The management of public institutions should also

employ professional trained procurement staff and continuously train the staff on emerging issues on public procurement practices. The study is a milestone for further research in the field of procurement practices in Africa and particularly in public institutions in Kenya. The findings demonstrated the important factors that influence implementation of procurement practices in public institutions to include; independence procurement department, Automation of procurement activities, supplier involvement, training and the establishment of a trade union for procurement professionals.

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