



## **FACTORS AFFECTING EFFICIENCY OF THE PROCUREMENT FUNCTION AT THE PUBLIC INSTITUTIONS IN KENYA (A CASE OF SUPPLIES BRANCH IN NAIROBI)**

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### **ABSTRACT**

Public procurement plays a vital role in driving the economy in every country. In Kenya it is one of the strategies of achieving the Vision 2030 by promoting the local industries. The main objective of the study was to assess the factors affecting the public procurement function at the public institutions in Kenya with a case study of Supplies Branch, Nairobi. The study adopted descriptive research design. Stratified sampling was used to identify a sample size of 40 respondents from a target population of 66 drawn from the Supplies Branch, Nairobi and the Ministry of Land which was the domicile Ministry for the organisation. Semi structured questionnaires was the key data collection instrument. Both qualitative and quantitative data was collected and analysed using the Statistical Package for Social Sciences (SPSS 20.1 program). The study established that procurement staff competencies, legal framework, institutional culture and Information Communication Technology (ICT) positively affect the efficiency of the procurement function in public institutions in Kenya. The study recommends employment of procurement officers with professional qualification and review of legislations to ensure compliance with the international procurement systems.

**Keywords:** public procurement, procurement function, public institutions,

### **INTRODUCTION**

The government is the main provider of essential services such as health, education, defense and infrastructure. This is done through procurement function, making it to be very important, and the sheer magnitude of procurement outlay has a great impact to the economy and needs to be well managed. Each county has its own economic social, cultural and political environment and each country's public procurement practitioners face different types of challenges, indeed in all countries in the world, estimates of financial activities of the government procurement are believed to be in 10% -30% of GNP (Callender & Mathews, 2000). Efficient handling of this size of procurement outlay has been a policy and management concern as well as a challenge to procurement professionals.

Rapid advancement in technology, public-private partnership, privatization, outsourcing of non-core services and increased focus on result base management in the public sector have all contributed to increased importance and sophistication of the public procurement function (O'Regan, 2009). Public procurement cannot be perceived as mere clerical routine as procurement practitioners are involved in strategic procurement planning (Hinson & McCue, 2004) and the major roles in current purchasing is tactical.

Before 1974, public procurement in Kenya was largely undertaken by foreign organization like crown agents on behalf of the government. This was so because the local source was not adequate. Public procurement regulations and guidelines were issued through Treasury circulars (Akech, 2005). In effort to streamline procurement procedures the East Africa Community (EAC) developed guidelines under the

title East African Supplies Manuals and on it collapsing Kenya government developed its own Supplies Manual. At the same time, the government moved the Central Tender Board (CTB) from Treasury to the office of the president under the Cabinet. These reforms saw the review of country's public procurement procedures and establishment of Public Procurement Directorate (PPD) under the Exchequer and Audit and the Public Procurement Regulations 2001 (Akech, 2005).

The core mandate for PPD was policy formulation, policy implementation, and human development. Consequently, the PPDA, 2005 and its regulations were developed to direct the public procurement function according to the law. The Act established Public Procurement Oversight Authority (PPOA) which was operationalized in the year 2007 to oversee compliance to the procurement procedures. Despite these reforms, the bulk of corrupt practices in Kenya occur in public procurement. The explanation for this state of affairs is found on the political dynamics of the state. Public procurement constitutes the principal instrument for exercising political patronage, a practice prevalent in Kenya and other African countries since there are very few means of economic advancement outside of the state (Herbst, 1990). The procurement system did not put sanctions against government officers who breached them, hence vulnerability for abuse and a *lacuna* for officers to engage in corruption. The procurement policies and procedures are scattered in various government documents.

The Supplies Branch was established through Treasury Circular Ref. No. 12/57/02 of 19<sup>th</sup> January, 1960. It was started with a capital fund of Kshs. 15 million. At inception it was a department in the former Ministry of Public Works with a main objective to procure frequently used items for the Colonial Government and later to undertake the same main objective for the independent Kenyan Government. Since then, Supplies Branch has moved severally between the Ministry responsible for Works, Office of the President and Ministry of Finance. Currently, it is at the Ministry of Lands. Supplies Branch has its headquarters in Nairobi industrial area near the British American Tobacco Company. It has warehouses at the different deports and sub-deports located in other towns in the country, (PPOA, 2011).

The mandate and core functions of Supplies Branch are:-bulk procurement and storage of frequently used items, sourcing of term contracts, and storage of furniture for VIP and State functions; and sourcing and supply of fuel to all government bodies. Through the Treasury Circular Ref: No. CFN.12/18/01 of 9<sup>th</sup> May 1961, the Supplies Branch then under the Ministry of Works was given mandate to buy and hold frequently used items for all government departments. The Circular accorded the institution the role of "*investigation of prices, quality, and sources of supply*". Approximately 43,000 procuring entities should be utilizing the Supplies Branch services by obtaining their frequently used items from there. The procuring entities include; ministries, state corporations, commissions under the constitution, CDFs committees, public universities, public schools and colleges, public health institutions, cooperative societies, local authorities and semi-autonomous government agencies.

A beach marking tour by PPOA in Chile established that Public Procurement and Contracting Bureau of Chile were established by law. Public entities are required to publish information related to all their procurement processes online on the public procurement portal this enhances transparency and efficiency. There is a national electronic register of suppliers known as *Chileproveedores* which contains all the information relating to suppliers for example financial, technical, and legal standing (PPOA, 2011). This enables state buyers to verify that registered suppliers are in a position to contract with the State by reviewing documents submitted by the suppliers on the National Register. There exists an online electronic catalogue of products and services with framework agreements known as Chilecompra Express. The framework agreement is an agreement between Chilecompra and a supplier for a certain product or service and it sets the price, terms and specifications. If a public entity wants to procure an item that is available on the electronic catalogue the public entity is obliged to source the item from the e-Store (PPOA, 2011).

Tender adverts in relation to public tenders and restricted tenders are made on the internet portal [www.chilecompra.cl](http://www.chilecompra.cl) as opposed to newspaper advertisements. The result of the tender and the text of the contract must be published on the portal. Chile's experience with e-procurement has made business opportunities with the Chilean Government more transparent, reduced firms' transaction costs, increased opportunities for feedback and cooperation between firms and public agencies, and sharply reduced

opportunities for corruption. Chilecompra provides specialized information and assistance in public procurement, with a high satisfaction level and efficiency standards, for all the clients of Mercado Público (Public Market). *Mercado Público* is the e-procurement platform for Chile (dealing with the tendering processes of supplier registration, e-tendering, and contract management) as opposed to ChileCompra Express (a platform for framework contracting and training). The training has an accreditation process which is oriented towards measuring the knowledge level of the buyers on the public procurement system and how well they carry out the purchases using the system.

The Government Procurement Services Agency (GPSA) was established under the Executive Agency Act No. 30 of 1997 and came into effect through Government notice (GN). No. 235 of 7<sup>th</sup> December 2007. The Agency is mandated to perform the following functions; To provide adequate quality supplies and services at competitive prices, to provide clearing and forwarding and consultancy services that ensure value for money, to provide safe and secure warehousing and storage facilities, to manage framework agreements for procurement of items, works and services, to maintain a register of suppliers goods, works and services; and to ensure a well-managed and sustainable agency ([www.tanzania.com](http://www.tanzania.com)). The agency has a robust organization headed by a chief executive with three major divisions namely; procurement and advisory services, business support services and operations (PPOA, 2011)

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

The procurement function has become increasingly important over the past decades since purchasing and supply has become a major determinant of corporate success. Significant business pressure as a result of globalization, innovations, technological changes, cost pressure, and regulatory compliance has forced the procurement function to focus on cost reduction and attaining more value for money (Kaya, 2004). The Procurement function usually take large amounts of organizations' revenue (Gebauer & Segey, 1998) hence it is becoming an expensive undertaking for many organizations (Chan & Lee, 2003) and if not properly done it can lead to significant regret.

The inefficiency and incompetence of overall administration and management of procurement function in many public institutions contributes to loss of over Ksh 50 million annually (PPOA, 2010). According to Victor (2012) procurement expenditure could be minimized through implementation of effective procurement practices. Enactment of the Public Procurement and Disposal Act PPDA (2005) and the Regulations 2006 as well as establishment of Public Procurement Oversight Authority (PPOA) were some of the reforms meant to promote efficient, effectiveness, good performance, and accountability in public procurement.

Despite the reforms in Public Procurement it still suffers from poor performance characterized by non-compliance with the Act, lack of policy on green procurement, slow with a lot of bureaucracy, overspending, poor planning, poor project monitoring, need for more transparency and accountability, eradication of wastage and corruption, addressing collusion in the tender evaluation and award, inadequate training of the procurement officers especially on the technical fields (Mutiga, 2005). According to corruption perception index (2010) Kenya is ranked 139<sup>th</sup> out of 176 with the least corrupt countries at the top. Some of the major scandals witnessed in Kenya history such as cemetery, maize, *Anglo-leasing* and Triton petroleum were billions of shillings where lost was through the procurement function. These are some of the issues surrounding the inefficiencies in procurement function in the government entities.

Supplies Branch was established to create convenience and efficiency in the procurement and supplies of the frequently procured items that range from office supplies to information and communications technology equipment or vehicles. In spite of this noble idea, the institution is faced by debts, institutional, administrative, and operational inefficiencies. These challenges have a lot bearing on the quality and cost of goods and equipment's purchased by this institution. (Mutula, 2002) This study therefore seeks to establish the factors leading to the inefficiencies in public procurement function at the Supplies Branch and establish reasons why poor performance, ineffectiveness and misappropriation of funds is the talk of the day despite the reforms in public procurement systems

### **Objectives of the Study**

The study sought to:

- i. To find out how institutional culture affected the efficiency of procurement function.

- ii. To establish to which extent the legal framework in purchasing of goods and services affected the efficiency of public procurement function.
- iii. To determine how the procurement staff competences affected the efficiency of public procurement function.
- iv. To assess how information communication technology (ICT) affected the efficiency of the procurement function in Supplies Branch.

### **Theoretical review**

#### ***Quality Management theory in procurement***

According to Heizer & Render, quality is the ability of a product or service to meet customer/user needs. Quality can mean excellence, meeting customer requirement, quality as value, customer perception and adoption to expectation. Hansen (2001:209) lamented that it is unfortunate that until today the concept of quality appear fragmented and ambiguous in literature as in practice. The term *quality management* has different meaning within many business sectors. It is considered to have four main components: quality planning, quality control, quality assurance and quality improvement. Quality management is focused not only on product/service quality, but also the means to achieve it. Quality management theory focus on continuous improvement therefore uses quality assurance and control of processes as well as products to achieve more consistent quality.

Walter A. Shewhart made a major step in the evolution towards quality management by creating a method for quality control for production, using statistical methods, first proposed in 1924. This became the foundation for his ongoing work on statistical quality control. W. Edwards Deming later applied statistical process control methods in the United States during World War II, thereby successfully improving quality in the manufacture of munitions and other strategically important products.

Quality management has become such an influential element of doing business that companies have adopted the cost of quality (COQ) model to predict the possible financial burdens of selling a product that is flawed. The COQ recognizes prevention costs, appraisal costs, internal failure, and external costs as foreseeable quality management issues that could not fulfill the needs of the customer. Furthermore, an international body has come forward to create a unifying single quality standard known as the ISO 9000, which published a series of quality assurance standards. For a company to become a member of ISO 9000, they must be observed for 9 to 18 months and must meet rigorous quality standards on their goods and services. However, quality control cannot just focus on individual function in order for a procurement manager to be successful they need to implement total quality management (TQM). TQM embodies the entire organization, from supplier to consumer, to follow a stringent quality management emphasis. TQM incorporates a wide range of methods from the plan, do, check, act circular flow model which provides a company a template to have continuous improvement to the six sigma process. *Six sigma* is a statistical tool that aims to help reduce defects to a 99.9997% capability rate. Quality in its most basic sense is making the consumer/user content with their good/service and it is the obligation of the procurement manager to ensure that quality awareness is involved with each decision areas. The European Foundation for Quality Management (EFQM) proposes a model of excellence leading to improved business results. The model is based on the concept that an organization will achieve better results by involving all people in the continuous improvement of their processes. Investors in people have drawn attention to the importance of employees' engagement for building effective relationship between an organization and its people. Cascading the vision and direction of the organization is one of the strongest levers for generating improved performance (Mullins, 2010)

When the purchasing department is looking at the procurement of materials from suppliers they will have been given some guidance by the manufacturing department, research and development, or the quality department. This should include a variety of information about the item to be sourced, such as physical description, dimensional measurements, chemical composition, performance specifications, and standards to conform to, or even the brand name of the product (Stiglitz, 2000). The purchasing department must know the physical attributes of the part they are required to source. For example, if the required material must be made of a certain shade of a blue, then the purchasing department must be able to communicate that requirement to the potential suppliers to ensure that the specification can be met. Sometimes the

quality department or development team will inform the purchasing department to only source a particular brand name. This may be due to the specific nature of the part made by one company or the level of quality it has over competitors.

#### ***Procurement Capability Reviews Assessment Model (PCRM)***

The model stipulates that the Centre of expertise work with public bodies within its respective sectors to assess procurement capability. This is done by interviews and by reviewing evidence prepared in advance by the organization. The centers of expertise will, in consultation with their sector develop an action plan, agree a timetable and address any issues that their sector may have about the process. It is proposed that the PCAs take place annually to ensure ongoing and continuous improvement of procurement activities right across the public sector. The Assessment Levels are on: nonconformance, Conformance, Improved Performance and Superior Performance

The Procurement Competency Framework can be used by individuals to assist their personal development through skills assessment, identification of training and development needs and career planning. It can also supplement the organization's existing staff development programmes, resource and succession planning initiatives. A study done by the Australian Procurement and Construction Council (APCC), found that procurement skills are not well organised nor at a sufficient capacity or level of capability for the size, complexity, and risk exposures associated with the sector's increasing expenditure. An effective procurement function contribute to the continuity of the organization's primary business activities ,control and reduce all procurement related costs , reduce the organisation's risk exposures in relation to its supply markets, and contribute to innovation that improves service delivery(Mueller, 2003).

There is an Act of parliament which controls and regulates public procurement in Kenya. This law was developed after several irregularities were noticed in the procurement processes within the public institutions. With the mandate of the then minister for finance, a body was set up to investigate and come up with recommendations on the best practices in the procurement process. Other governments use the Procurement Capability Reviews Methods (PCRs) that are designed to assess how far procurement in central government meets the demanding standards required to deliver Government policy and achieve value for money now and in the future. The reviews challenge departmental procurement activities at a strategic and structural level, covering the widest definition of procurement from commodities through to complex projects. They assess how far government procurement in each Department meets the demanding standards required to achieve value for money now and in the future. The outcomes from the reviews will drive improvements in procurement capability where the greatest impact can be achieved.

PCRs are intended to provide an overall assessment of departmental performance in procurement, based on the underpinning *PCR Assessment Model*, which aims to assess against world class procurement standards and practice.

The procurement policy and standards framework feeds into and is aligned with the PCR assessment model. The model guides the reviewers when they assess the capability of each department and supports the key requirements contained in the policy and standards framework. The PCR model is based on three key areas of capability, and nine more specific indicators; it is structured as follows: visibility and impact of leadership, vision, aspirations, business and policy alignment, stakeholder and supply base confidence levels, effective resourcing of procurement activity, "Intelligent client" capability, Governance and organization, strategic and collaborative approach to market engagement and sourcing, effective use of procurement and PCR tools and techniques, knowledge and performance management.

#### ***Agency Theory***

According to Jensen and Mackling (1976) an agency relationship is "a contract under which one or more persons (principals) engages another person (the agent) to perform some service on their behalf which involves delegating some decision-making authority to the Agent. When executing the tasks within the principal-agent relationship, the agent must choose actions that have consequences for both the principal and the agent. Since these outcomes can be either negative or positive for each of the actors, the chosen action of the agent affects the welfare of both. The principal-agent relationship is often forged because the agent possesses a greater abundance of the needed skills, abilities, and/or time to perform the desired activities.

Inevitably, however, there are several problems for the principal in governing the relationship with the agent, the first of which involves choosing an appropriate agent. Consistent with the tenets of agency theory, the view adopted here assumes that agents, purchasing officials, are rational, self-interested utility maximizers. However, it is not assumed that these agents behave selfishly and do so with craftiness. In other words, slightly contrary to Williamson's (1985) transaction cost economics framework, although it is assumed that people are opportunistic in the sense that they may avoid in a self-interested manner by trying to minimize effort if it fulfills their needs, it is not assumed that they will willingly misrepresent or lie about that effort. More to the point, it is merely assumed that the principal and agent do not share the same levels of information, and as such, the agent can opportunistically take advantage of the situation, sometimes to the detriment of the principal. This latter situation is known as moral hazard and is often the result of asymmetric information.

Asymmetric information agency theory in economics has long been concerned with the issues of control that arise as a result of information asymmetries between agents delegated to maximize the welfare of the principals who contracted with them (Trionfetti, 2000). In general, all principal-agent relationships are plagued by uncertainty not only in the level of an agent's knowledge, skills and abilities, but also in both the way the agent's action gets transformed into the output and whether or not the agent is acting in the principal's best interest. This uncertainty is the result of the advantageous differential in knowledge held by the agent about his their own actions in serving the principal (Ross, 1973). This difference is information asymmetry, and it is a third problem for the principal in governing the relationship with the agent. Although under normal circumstances both the Principal and the Agent can observe the outcome, it is often the case that the principal cannot or does not observe the agent's specific action, effort, or capacity to perform all of which are supposed to obtain the outcome favored by the principal. However, one must be cognizant that the agent not only observes her own action, but also may have knowledge not possessed by the principal about other factors that lead to the outcome. This

Information asymmetry describes the inability of the principal to properly assess the extent to which the agent chooses an action that coincides with the principal's best interests. As such, there can be little doubt that asymmetric information permeates the principal-agent relationship.

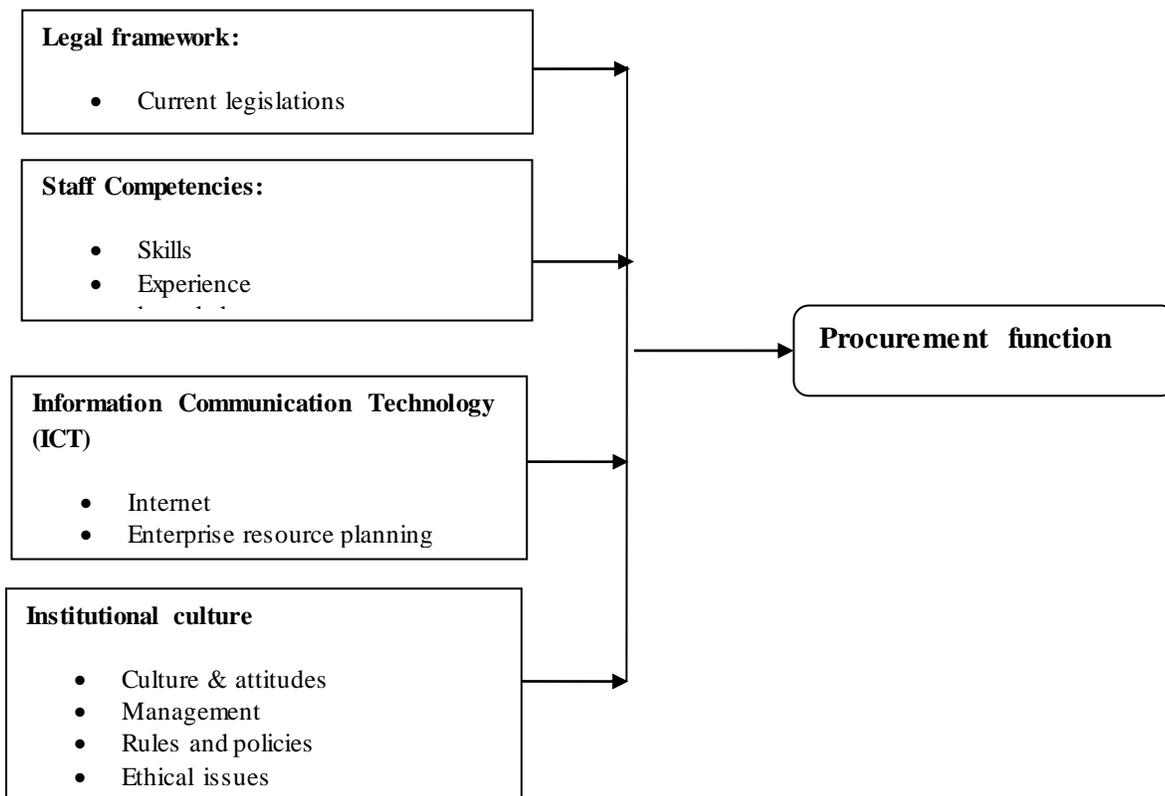
The agency theory is widely used in procurement, Cliff Macure and Eric Prier did a study on using agency theory to model cooperative public purchasing and the operational linkages between government organizations, their purchasers and their suppliers are vied as important contributors to the success of government policy and decision-making. Although cooperative purchasing has been a topic of study for many years (Wooten, 2003), researchers revisited issues related to cooperative public purchasing (CPP) in search of more clarification on with respect to its theoretical underpinnings (Aylesworth, 2003). Perhaps due to little theoretical direction and few standards to guide practice, to inform on concisely about what comprises cooperative procurement and its implications for public purchasing. Indeed, John Ramsay and Nigel Caldwell (2004) make a strong case that metaphors so often used can lead to misunderstanding the nature of interesting phenomenon. It is no different in public purchasing, as slight misconceptions about institutional goals and to whom one is accountable may in fact have significant organizational consequences. Since CPP can be thought of as a chain of agency relationships similar to the contractual relations found within the economic firm, valuable questions arise as to the best way to organize the stakeholder relationships in public procurement. Ronald Coase (1937) was the first to reformulate the notion of the firm in orthodox economic theory from that conceived as a "black box" that transforms inputs (resources) into outputs (production). Instead, he conceived it as the neoclassical economics perspective of a system of relationships which directs production. This implies that a firm is more efficient at aligning resources with outputs than is the market. procurement can be arranged through the market and regulated by the price mechanism with all of its attendant hidden costs to the procurement official, or the exchange transactions of procurement can be vertically integrated and ordered through the firm in a hierarchy where purchasing is integrated with the needs for the same products by other principals (Harold Demsetz, 1983). Thus agency theory can expose the motivations of stakeholders in public procurement. Agency theory generally assumes that actions and efforts are normally unverifiable, while outcomes are generally known and confirmable (Dixit, 2002). In terms of CPP, the effort of the

procurement official is verified only when the outcome (the purchase) is obtained. However, it will be shown that the action, as opposed to the outcome, may not be readily distinguished by the stakeholders. Consider that although the procurement official might believe that the actual purchase is an outcome," the purchase is merely considered an "action" from the viewpoint of the stakeholder for whom the purchase was made. In other words, the level of analysis is important in determining what behavior is an "action" as opposed to an "outcome."

Another reason why agency theory is a fruitful method for modeling public purchasing is that it helps to identify the various incentives of the stakeholders. By clarifying the opportunities and constraints they face, there is hope that efficiency, effectiveness and accountability will be increased.

**Conceptual Framework**

A conceptual framework forms a simplified familiar structure, which is meant to help gain insight into a phenomenon that one needs to explain (Orodho, 2009). Conceptual research is that related to some abstract ideas or theory. It is generally used by philosophers and thinkers to develop new concepts or to reinterpret existing ones, the conceptual literature concerning the concepts and theories and explain how the variables relate (Kothari, 2004)



**Independent variables**

**Dependent variables**

**Figure 1: Conceptual framework**

For the purpose of the study the independent and dependent variables shall be factors influencing efficiency in procurement function and efficient procurement system respectively. The independent factors examined are institutional and administrative factors, human resource competencies, information communication technology, and legal framework while the dependent variable is procurement function. The relationship between the dependent and independent variables is shown in Figure 1. The dependent

variable being efficient procurement function and some of the parameters to be used in assessing the efficiency of the procurement function are: value for money, cost reduction, reduced corruption, reduced lead time, satisfied customers, quality goods, and service among others. The independent variables are each discussed in this literature review.

**RESEARCH METHODOLOGY**

The study adopted the descriptive research design on factors affecting efficiency of the procurement function at the public institutions in Kenya: a case of Supplies Branch in Nairobi

According to Kothari, (2004), the major purpose of descriptive research is description of the state of affairs as it exists at present. A target population of 66 was selected using purposive sampling procedures for the senior procurement officers. According to Cooper and Schindler (2011) there are many methods of data collection. The study used a semi structured questionnaire to collect data from the tender committee members. The instrument was divided into six sections. Section one dealt with demographic and general information. Section two to six addressed the four variables hypothesized to affect efficiency of procurement function at the public institutions in Kenya; a case of Supplies Branch in Nairobi. The study relied on primary data which was collected through semi structured questionnaires (see Appendix 2). Collection of data was conducted by the researcher with the help of research assistants. The questionnaires were dropped at the respondents’ places of work and picked within two weeks

The research instrument was pre-tested before final administration of questionnaires to the respondents. Upon collection of the questionnaires, were coded. They were then fed into Statistical Package for Social Sciences (SPSS) version 20 (George & Mallery, 2003). Case summaries were then generated to check for any errors in data entry. Exploratory data analysis was conducted to determine the effect of any outliers and missing entries. Frequencies were generated for each variable namely: Legal framework, Staff Competence, IT Infrastructure and Institutional Culture. Linear Regression Analysis was further used to show the relationship between the dependent and the independent variables (Kothari, 2004).

**Data Analysis, Interpretations and Presentation**

Descriptive and inferential statistics were used to discuss the findings of the study. The study targeted a sample size of 40 respondents from which 30 filled in and returned the questionnaires making a response rate of 75%. This response rate was satisfactory to make conclusions for the study. Weisberg, Krosnick& Bowen (1996) recommended a response rate of 70%.

**Reliability Analysis**

Reliability of the questionnaire was evaluated through Cronbach’s Alpha which measures the internal consistency. The value of the alpha coefficient ranges from 0-1 and may be used to describe the reliability of factors extracted from dichotomous and or multi-point formatted questionnaires or scales. A higher value shows a more reliable generated scale. Cooper &Schindler (2008) has indicated 0.7 to be an acceptable reliability coefficient. Table 1 shows staff competences had the greatest reliability ( $\alpha= 0.798$ ) followed by Institutional Culture ( $\alpha=0.793$ ), then Legal Framework ( $\alpha = 0.777$ ) and ICT ( $\alpha=0.721$ ). This illustrates that all the four scales were reliable as their reliability values exceeded the prescribed threshold of 0.7.

**Table 1: Alpha co-efficient**

Scale	Alpha coefficient	Number of items
Staff Competencies	0.798	4
Institutional Culture	0.793	5
Legal Framework	0.777	4
ICT	0.721	4

**RESULTS AND DISCUSSION**

**Staff Competencies**

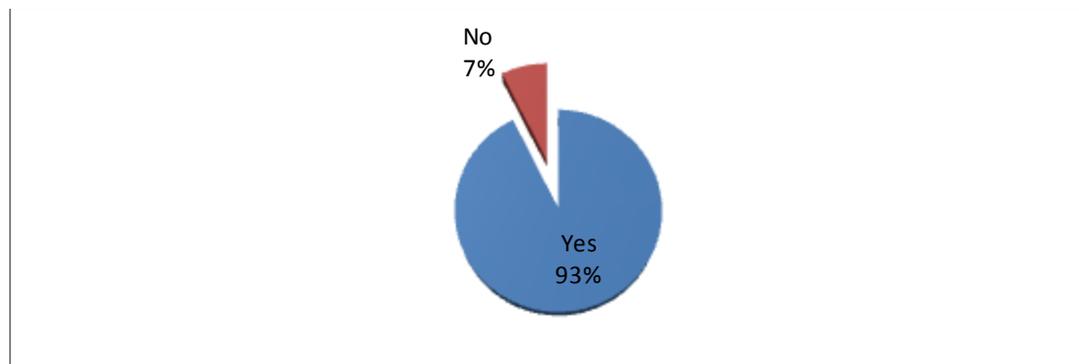
**Table 2: Statements relating to Staff Competencies**

	Mean	Median	Mode	Ranking
Experience in procurement	3.55	4.00	3	1
Relevant skills	3.38	3.00	3	2
Employee performance appraisal	3.21	3.00	3	3
Career development	3.07	3.00	3	4
Creativity and innovation	2.72	3.00	3	5
Supplier capability &	2.55	2.00	2	6

The results in Table 2 gave the mean ranking of the factors in respect to their mean rating. Experience in procurement was ranked the highest with a mean of 3.55 which translates to good. Relevant skills, employee performance appraisal, career development, creativity and innovation and supplier capability and development followed in that order. This implies that the usage of these competencies was considered average with regard to efficient procurement of frequently used items.

**Institutional Culture**

The study sought to know the opinion of the respondents on some statements on how they affect the efficiency of public procurement function at the Supplies Branch. The results indicate that 93% of the respondents agreed that their organization had an existing culture and policies in place. The other 7% of the respondents indicated a contrary opinion. Majority of the respondents agreed that the existing culture at the institution had a positive effect towards efficiency in public procurement function. The results relating from statements relating to institutional culture are presented in both Table 3 and Figure 2



**Figure 2: Responses on Existence of Culture**

The statement rating in Table 3 was to establish the factors considered to have effect on the efficiency of procurement function at the supplies branch. The results displayed in the table shows means and rankings of the factors as rated by the respondents on a likert scale of 1- strongly disagree, 2-disagree, 3-undecided, 4-agree and 5 -strongly agree. Political influence in decision making was ranked highest as the main factor affecting efficiency of procurement. The respondents also agreed that fairness in procurement awards, value for money, and strict adherence to policies and procedures also affected efficiency of procurement function at supplies branch. The respondents however disagreed with statements that bureaucracy does not affect procurement function and the institution has achieved zero tolerance to corruption and client satisfaction as indicated by a value close to 2.

**Table 3: Response on Culture**

	Mean	Median	Mode	Ranking
There is a lot of political influence in the decision making	4.30	5.00	5	1
Fairness is practiced in all procurement awards	3.83	4.00	4	2
Value for money is given the first priority in all procurement	3.67	4.00	4	3
There are procedures and policies which are strictly followed	3.50	4.00	4	4
Transparency and accountability are virtues highly followed	3.47	4.00	4	5
Fitness for quality and timely delivery is culture embroiled in all the employees	3.37	4.00	4	6
There are strong cost reduction strategies in place	2.50	2.00	2	7
The institution boasts in having satisfied clientele	2.40	2.50	3	8
The institution has achieved zero tolerance in corruption	2.17	2.00	2	9
Bureaucracy does not affect the procurement function in this institution	1.80	1.00	1	10

### Legal Framework

The study sought to know whether the existing legislation and regulatory framework affected procurement function at Supplies Branch. The response is shown by the Table .4.

**Table 4: Response on Statements on legal Framework**

	Mean	Median	Mode	Ranking
The loopholes in legislation hinders efficiency	3.87	4.00	4	1
The current reforms in the Act has increased efficiency in procurement	3.80	4.00	4	2
The legislation positively impact on the procurement policies at supplies Branch	3.50	4.00	4	3
Supplies Branch is not anchored in the current legislation	3.27	3.00	3	4
The current regulatory bodies of the procurement process are ineffective	3.17	3.00	3	5

The respondents agreed that loopholes in legislation hindered efficiency in public procurement with the highest mean rating of 3.87. Reforms in procurement Act increased procurement efficiency. The respondents were undecided on whether Supplies Branch was not anchored in the current legislations.

### Information and Communication Technology (ICT)

The study sought to know extent that Supplies Branch has embraced modern ICT in procurement function. The data in **Table 5** illustrates this:

**Table 5:** Responses on ICT

	Mean	Median	Mode	Ranking
ICT has reduced cost of doing business	2.30	2.00	2	1
ICT has hastened the procurement process	2.89	2.00	2	2
ICT has increased output of procurement officers	2.80	2.50	2 <sup>a</sup>	3
ICT has reduced paper work	2.70	2.00	2	4
ICT has quickened the stores handling	2.60	2.50	2	5
ICT has increased transaction efficiencies	2.50	2.00	2	6
ICT has increased the quality of goods and services	2.40	2.00	2	7
ICT has reduced the lead times	2.30	2.00	2	8
ICT has brought satisfaction to all stakeholders	2.30	2.00	2	9
Has Supplies Branch embraced modern ICT in procurement	1.70	2.00	2	10

The rating of the factors was relatively low because most of the respondents indicated that Supplies Branch had not embraced ICT.

### CONCLUSION

The study established that existing legal framework affects the efficiency of the public procurement function at the Supplies Branch. The study concludes that the loopholes in the public procurement Act, the procurement reforms, monitoring and evaluation greatly influenced the efficiency of the public procurement function at the public institutions in Kenya.

From the findings the study concludes that staff competencies affect greatly the efficiency of procurement function at the Supplies Branch. Hence employees need to acquire core competencies like knowledge, skills, experience and abilities to enhance public procurement function efficiency in public institutions in Kenya.

The study found out that organizations culture affects the public procurement function at the Supplies Branch. Factors like political influence, fairness in awarding procurement contracts, adherence in procedures, bureaucracy and corruption affect the efficiency of the public procurement function at the public institution in Kenya.

The study concluded that Supplies Branch did not embrace modern technology in the procurement function. Hence it implies that those public institution in Kenya not using ICT in the procurement function do not benefit from its advantages of reduced cost of holding stock, reduced paper work, increases transaction effectiveness, increases quality of goods and services, reduced lead times and improved quality of decision making.

The study concludes that availability of enough office space, warehouses, transport vehicles, stores handling equipment's and firefighting equipment's affect the efficiency of the public procurement function in the public institutions in Kenya. The study also found out that proper procurement records management helps in giving authentic and reliable information and has an impact in procurement function efficiency.

### RECOMMENDATIONS

The study recommends that procurement officers be employed with professional qualification and they be trained continuously on procurement issues so as to develop their careers. The study further recommends that the procurement staff acquires the relevant skill and experience in procurement so that they can be able to make the right decisions. Suppliers developed through supplier partnerships and training needed to be enhanced because the study established that it affects the efficiency of the procurement function in public institutions.

The study recognized the need to review legislations to ensure compliance with the international procurement systems requirement. In light of this, the study recommends that the current legislation be reviewed to eliminate the loopholes hindering procurement efficiency. It is also recommended that the

bodies entrusted with public procurement regulatory function should endeavor to ensure strict adherence to the Public procurement and Disposal Act (2005) and its regulations (2006).

Study established that institutional culture affects procurement function efficiency. Public institutions in Kenya need to adopt a culture of transparency and fairness so as to reduce corruption and restore public confidence. The study further recommends the training the staff on change management and involving them in key decision making so as to reduce resistance to change and associated unintended consequences. Bureaucracy in the public intuitions affected the procurement function efficiency, hence there is need to streamline government operations by eliminating non value adding procedures.

The study established that public institutions were not making use of ICT in there Public procurement function. Therefore the study recommends that these institutions should have their systems automated. Such institutions should embrace ICT for the purpose of enhancing efficiency, effectiveness and transparency. The institution should also adopt e-procurement and uses electronic systems to manage internal operations such as inventory management.

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