Effectiveness of Procurement Practices on the Performance of County Governments in Kenya: A Case of Kericho County Government

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Abstract

Procurement concept has dominated most of the county government’s activities. This is true because of the value attached to the role of procurement in enhancing the performance of County governments. The research seeks to investigate the effectiveness of procurement practices on performance of county governments a case of Kericho County. The following objectives guided the study: To describe the effectiveness of procurement planning on county governments performance, to examine the effectiveness of professionalism on county government performance, to explain the effectiveness of financial management on county government performance, and to establish the effectiveness of tendering on county governments performance. The study was guided by principal-agent theory, contingency theory and stakeholder’s theory. The study adopted descriptive research design. Census technique was adopted to select research participants. The study population comprised of 75 county staff and including: Head of procurement, procurement staff composed of senior managers, middle level managers and support staff as well as head of other departments and budget committee members (Finance department). Primary data was collected using close ended questionnaires. A pilot study was conducted before the main study to determine potential weaknesses in the data collection tool through validity and reliability test. SPSS software was employed in data analysis. Frequency distribution tables and bar graphs were used in data presentation. Descriptive statistics and inferential statistics were used to analyze data. The findings of the study showed that procurement planning and professionalism were highly effective in determining county government performance. However, financial management and tendering were moderately effective. The study recommended that all the relevant stakeholders with regard to procurement should be involved in procurement of goods and services, capacity building for procurement staff was found to be necessary, financial management techniques should be improved in the county government and that tendering process should be open, transparent and fair regardless of the type of goods or services to be procured.

Key words: Procurement practices, Procurement planning, Professionalism, financial management, Tendering, County Governments

1. Introduction

Procurement largely contributes to the local market in developing nations. The economy of majority of these nations is highly dependent on the way procurement activities are managed. Most government institutions utilize procurement avenues to promote local industries, enhance regional balance and bring about equality in the society at large (Kihara, 2009). Despite of the vital role played by procurement practices, it has been an avenue of wastage of public resources in the process benefiting few individuals especially cartels in government (Mokaya, 2013).

Caldwell, Roehrich and Davies (2009) argued that proper procurement planning is essential for an organization to procure right quality goods. Detailed specifications are necessary from all stakeholders involved. These stakeholders could be requesting entity, end users, procurement department, technical experts and even suppliers to give relevant inputs on specific requirements. A specification whether simple or complex, depends on the nature of procurement. He further argued that effective and efficient procurement process can only be achieved by proper planning and competent staff. PPDA (2005), Public Procurement Act requires procuring entities to assess whether or not a particular procurement is necessary, which should take into account; the need to ensure that the procuring entity uses its resources effectively and efficiently; how the proposed expenditure would contribute to the entity’s desired output, and the procuring entity’s overall procurement performance. A procurement plan helps procurement entities to achieve maximum value for expenditure and enable entities to identify and address all relevant issues pertaining to a particular procurement before they can publicize their procurement notices to potential suppliers of goods and services.
In public procurement, professionalism refers to education levels, workforce qualifications and professionalism approach in handling business activities (Russell, 2004) competent staff would ensure that items and services are procured as and when the need is expected. The key contributors to staff competence include training of new employees in procurement department, enhancement of team work among procurement staff, acquaintance with the procurement law by the procurement team and employment of qualified and competence personnel in the procurement department. It is reported that tax payer’s money has been lost due to claim for damages from potential suppliers, poor quality work as a result of contracts awarded without following due process by incompetent purchasing professionals (Juliana, 2013). Like any other developing countries, the procurement professionals in Kenya have faced many challenges. The main obstacles include: lack of support by top management in the government; political will, inadequate capital, lack of trained personnel in the public sector and attitude of staff in public sector. Other contributory factors include lack of accountability and transparency, poor knowledge and skills amongst bidders/contractors and challenge in the implementation of PPDA Act, 2005. Public procurement and disposal regulation was operationalized in January, 2007.

According to Waddell (2000), financial management in public organization is concerned with ensuring funds are available when needed and that they are obtained and used in the most efficient and effective way so as to benefits its citizens. Another aspect of financial management is the flow of funds which relates to timeliness of receipt of funds for meeting various requirements in the procurement process. Rotich (2011) contends that evaluation of organization’s performance in terms of procurement have been a challenge to many professionals. Some of the aspects mentioned in measuring performance include efficiency, effectiveness and service delivery.

Performance standards in the county level attracts public concern since it is concerned with provision of health services, agricultural services and goods, educational services, security services which are all key in day to day lives of its citizens. There is need to put in place proper procurement practices since with the devolution of government administrations to the county level, procurement departments have not been left aside. Procurement units have been devolved hence need for research since limited research has been done on county government procurement practices and its impact on overall performance of county governments (Karanja, 2015).

2. Research Problem

Devolved governance was ideally expected to bring resources to the local level and improve the standard of living among Kenyan citizens. Although this is the case, Kenya government loses about one third of the national budget to corruption, with 80 percent of all corruption cases before the Kenya Anti-corruption commission being about procurement (AfriCOG, 2015). Other studies confirm that the PPDAs’ objectives of weeding out inefficiencies in the procurement process removing patterns of abuse, and meeting the desire of the public purchase to obtain adequate value of the expenditure of public funds have never been fully achieved in practice. After five years of devolution, some counties have been criticized for corruption cases, stalled projects, under-development and massive wastage of public resources. All these aspects could be as a result of weak procurement management practices. Some of the notable procurement scandals includes: National Youth Service scandal, the National Security Social Fund medical cover scheme scandal, the SGR among others.

Ochieng (2015) pointed out that the management of county projects faces varied challenges some of include: The organization structure in managing county projects and project identification criteria. Despite the existence of devolved funds internal inefficiencies in their management have made them not to achieve the desired results (Ogolla & Kinyua, 2013). A study by Mokogi, Mairura, and Ombui, (2015) found out that poverty levels have increased in 2008, public service delivery has failed, inequalities in resource distribution prevails and funds meant for community use have been routed by corrupt civil servants and politicians. Without proper procurement practice in place, public funds may not be adequately utilized at the devolved units. Thus there is need to examine the procurement practices in place and their effectiveness on county government performance. The necessity of this case study is not only limited to its applicability to the present challenges that Kenya is facing in its procurement system, but to other countries which are facing similar experience and problems in procurement. Most importantly this study will focus on procurement practices; procurement planning, professionalism, financial management, tendering and performance of county governments.

3. Objectives of the Study

3.1 General Objective

The main objective of the research was to establish the effectiveness of procurement practices on performance of county governments; a case of Kericho County.

3.2 Specific Objectives
The specific objectives of the study were:

i. To describe the effectiveness of procurement planning on performance of county government.

ii. To examine the effectiveness of professionalism of procurement staff on performance of county government.

iii. To explain the effectiveness of financial management in procurement on performance of county government.

iv. To establish the effectiveness of tendering on performance of county government.

4. Research Hypotheses

This study was guided by the following null hypotheses:

- \( H_01: \) There is no significant relationship between procurement planning and performance of county governments.
- \( H_02: \) There is no significant relationship between professionalism and performance of county governments.
- \( H_03: \) There is no significant relationship between financial management and performance of county governments.
- \( H_04: \) There is no significant relationship between tendering and performance of county governments.

5. Justification of the Study

The study was confined to the procurement activities and only that the study will be carried out in Kericho County Government. Kericho County is one of the 47 devolved units following the promulgation of 2010 constitution. The county is situated on the Western, Kenya approximately 260km from Nairobi, the capital city of Kenya. Kericho county residents are mainly tea farmers and a number engage in Business activities. As such the residents of Kericho County are drawn from all over the country. Therefore, a study of Kericho County can be generalized on the other counties in Kenya.

6. Review of Literature

6.1 Theoretical Framework

6.1.1 Agency Theory

According to this theory, procurement including civil servants concerned with playing the agent role. In this study the promoter/client who authorizes and pays for the work done is the county government, while the procurement officers will be the agents who will act on behalf of the employer who will carry out the procurement process and the contractors will be the successful bidders. Assumptions on agency theory include the efficiency of the principal operations depends on the agent acts, decisions are made by the parties to the relationship under act conditions of uncertainty and risk. Last assumption is that the principal and the agent have conflicting objectives to some extent. This theory will constitute the road map that guide this research from formulation of research questions, data collection, and conduct analyses to conclusion. Following the operational nature of procurement expenditure, decisions made must be taken by the organizational management (Agents) on behalf of the company owners (principal) under the power entrusted to them through their employment contracts. The principals and agents seek to maximise their utility through the same organization. As the shareholders seek to maximise their wealth through profits (dividends) made by the company, the management too seeks to maximise their utility by earnings. Because of the different roles of these two parties in the organization, the risk tolerance level differ however the risk level are normally reconciled in order for the company to operate well.

(Health & Norman, 2004) the relationship arises in that county government is the custodian of public resources on behalf of the citizens. In this relation, County government is expected to be accountable and demonstrate transparency in the way public resources are spent. More specifically procurement entails parties who are engaged in contract facilitated by county government and may include different stakeholders such as political leaders, procurement staff, citizens, interest groups and national government. The theory further reveal the relationship between procurement department and other departments within the county government in that the procurement department facilitate the purchases for the principal departments.

6.1.2 Contingency Theory

Contingency theory is concern with formal and informal organizational structure which directly or indirectly affects the decision making processes in the said organizations. In this approach management is linked with the general system theory and then open system prospective. The open system prospective interprets the large organizations as dependent on the external environment; the contingency line is achieved when two or more elements of open system interact (Joan, 1958).

The theory also holds that there are different levels of fit such a technological, human capital quality management and decision making structures each with different performance level. This then holds that the organization can move from one level of fit to the other gradually by laying out a strategic map which gives guidelines for the gradual change until it gets optimum level of fit which is equal performance of all fit points of the organization. This is the format used by ISO to ensure organizational
performance and efficiency. This is the aspect adapt in public procurement to determine the level of fit attained by integrating various players in the procurement process.

6.1.3 Stakeholder Theory

In this theory, Freeman (1984) was seeking to explain the relationship between the company and its external environment and its behavior within this environment. The author set out his model as if a chart in which the company is positioned at the center and is involved with stakeholders connected with the company. In this model, the company-stakeholder relationships are dyadic and mutually independent (Freeman1999). According Savage, Dunkin and Ford (2004), the basic premises of Stakeholder theory are: the organization enters into relationships with many groups that influence or are influenced by the company, i.e. “stakeholders” in accordance with Freeman terminology; the theory focuses on the nature of these relationships in terms of processes an results for the company and for stakeholders, the interests of all legitimate stakeholder are of intrinsic value and it is assumed that there is no single prevailing set of interests.

The theory focuses upon management decision making, explains how stakeholders try and influence organizational decision making processes so as to be consistent with their needs and priorities. In terms of organizations, these should attempt to understand and balance the interests of the various participants Friedman & Miles (2006) states that the organization itself should be thought of as grouping of stakeholder and the purpose of the organization should be to manage their interests, needs and viewpoint. There is a clear relationship between definitions of what stakeholders and identification of who are the stakeholders. The main groups of stakeholders are: Customers, employees, local communities, Suppliers and distributors (Friedman & Miles, 2006). This theory is fueled by the realization that in contemporary business environment, it is not only the individual businesses that compete as sole autonomous entities, but also organizational.

6.2 Conceptual Framework

The following conceptual frame work was developed to show the relationship between the independent variables and the dependent variable under the study. The independent variables for the study include: procurement planning, professionalism, financial management and tendering whereas the dependent variable is performance of County Governments.

![Conceptual Framework Diagram](image-url)
The performance of county government is dependent on professionalism which involves competence, experience and skills of procurement members of staff. The experience and training of staff on execution of procurement activities plays a key role in the performance of County governments. The success of county in terms of performance is further dictated by the financial management. The implementation of development projects depends on timely receipt of funds and proper allocation of funds. Finally, tendering plays a significant role in performance of Counties with regard to the procurement activities, duration of tendering process and ethical practices are crucial in enhancing timely service delivery and thus performance of County governments.

6.3 Discussion of Variables

6.3.1 Procurement Planning Practices

Mamiro (2010) defines procurement planning as the primary function that sets the stage for subsequent procurement activities. A good procurement plan will describe the process of appointing and contracting suppliers. According to his study, procurement planning involves first need identification, need assessment, supplier selection, obtaining necessary approvals and determining their funding and finally scheduling time frames.

Kabaj (2003) points out the complete procurement cycle begins with the procurement planning, a step closely linked with the budget process, then followed by the procurement initiation, bidder selection, notification of contract award, procurement commitment (contract signing) contract administration, receipt and acceptance of goods, works, services or consulting services and the storage and inventory management of the goods and supplies received. The procurement cycle may also involve administrative law. Procurement cycle starts with the identification of the procurement requirement and ends with the registration of the assets procured into the procuring entities records. It is the role and function of the head of procuring entity to ensure close coordination with the budget process, commitment control, finance and expenditure management and audit.

According to Basheka (2008) procurement planning has diverse implications on procurement performance. Poor planning and management was found to be a challenge facing public procurement processes which included needs not well identified, estimated unrealistic budgets, inadequacy of the skill of staff responsible for procurement and non-conformity to procurement plans (Mamiro, 2010).

6.3.2 Professionalism

Gilbert (2013) points out that an expert is a person who is very intelligent, appreciates work self-governance, appreciates an agreeable pay, and participates in innovative and mentally difficult work. Professionalism in procurement must be achieved through learning and experience about technical and soft skills.

Staff aptitude refers to the ability or an underlying character of an individual that is related to effective or superior performance. In this research competency refers to the application of professional knowledge and skills to accomplish a task (Armstrong and Baron, 2008). Public procurement professionals have to endeavor to achieve three competing demands of meeting commercial interests with key themes of value for money, economy, efficiency and effectiveness (Shileswa, 2017).

Hui, Othman, Omar, Rahman and Haron (2011) analyzed procurement issues in Malaysia and established that procurement officers were blamed for malpractice and non-compliance to procurement polies and procedures. He further argued that public procurement systems were inefficient and that the state was losing a lot of money through shoddy deals. Basheka (2008) argued that lack of professionalism results in corruption thus ultimately impedes compliance of procurement rules and regulations in procuring entities and adversely affects performance.

6.3.3 Financial Management

Omar, Namusonge and Sakwa (2017), as cited by Krah, Aveh & Addo (2014), assert that financial management is one of the several functional areas of management but it is central to the success of any business. This emphasizes the central role and position of financial management in relation to the other specific areas of business management. Financial management is concerned with all areas of management, which involve finance, not only the sources and uses of finance in the enterprises, but also the financial implications of investment, production, marketing or personnel decisions and the total performance of the enterprise. Thus, financial management is concerned with what is going to happen in the future and its purpose is to look for ways to maximize the effectiveness of financial resources. In addition, financial management involves raising the needed funds to finance the firm’s assets and activities, the allocation of these scarce funds between competing uses, and with ensuring that the funds are used effectively in achieving the firm’s overall goal.
The Public Finance Management Act 2012 is mandated to provide guidance on disbursement of revenue to the 47 counties. However, due to National Treasury delay in disbursement of funds and inadequate funding, According to the study Christopher et al 2013 the ability of counties, especially those with a weak resource base to raise enough revenues that will enable them perform the devolved functions and deliver services to the citizen. The equalization fund is likely to be so thinly spread hence the bigger burden of meeting the deficits will have to be through internal revenues. This is particularly as relates to the already weak capacities to generate and collect revenues that were witnessed in the former Local Government Units.

According to PPDA Regulations (2006), each user department should prepare a multi-annual rolling work plan for procurement based on the approved budget, which is submitted to the procurement and disposal unit to facilitate orderly execution of annual procurement activities, a procurement and disposal unit then uses the combined work plan to plan, organize, forecast and schedule the procuring and disposing entity's procurement activities for the financial year, however compliance levels continue to be low in public entities in Kenya despite efforts by the Public Procurement Oversight Authority (PPOA) to put in place measures to improve compliance (PPOA 2007).

6.3.4 Tendering

The Kenyan law guiding public entities choice of procurement procedures in the Public Procurement and Disposal Act 2005 (PPOA, 2005) requires public entities to use open tendering as the choice of procurement procedures and only use an alternative procurement procedure in times of urgent need.

According to Creswel (1999) there are several steps used mostly in the tender process. First the tender process is determined that is the type of tender to be used as well as what will be involved in the tender process. Secondly is the request for tender which outlined what is required, the contractual requirements and how to respond. Third stage is invitation depending on the value, complexity and business category, fourthly suppliers respond at this stage, relevant documentation is obtained and pre-tender briefing sessions are conducted. The fifth stage is evaluation stage and selection where each tender will be checked for compliance, and if compliant, they are evaluated against the criteria specified in the tender documentation. The tender that offer best value for money will win the business. Six involve notification and debriefing. Thing successful tenderer will be advised in writing while unsuccessful tenderer are also advised and offered a debriefing interview.

AfriCOG (2015) pointed out lack of pre-qualification of suppliers as there are numerous cases of single sourcing also as indicated in budget controller 2015 there are rampant cases of single sourcing which could be as a result of interference of executive in procurement through instructions that undermine the principle of competition. Which might results in the risk of corruption particularly if government officials are involved in procurement process are the same ones receiving tenders, they could collude with service providers to gain from tenders in exchange for elimination of completion and to ensure a particular service provider wins the tender.

6.3.5 Performance of County Governments

The Government of Kenya (2010) was passed and with its promulgation established a new form of government. This new devolved form of government replaced the former centralized form of government. The decentralized form of government in Kenya established 47 county governments and a national government. This was intended to bring services and financial management closer to the people. The roles of all stakeholders (including citizens) are outlined in the various statutes, among them the PPD Act (2005).

Chapter 11 of the Constitution of Kenya (2010) establishes the devolved form of government. The constitution hence establishes the 47 counties and outlines the powers from the national government to the regional governments in the 47 counties. There have been several structures established to enable governance in the counties. These include the senate, office of the governor, county public service board, the county executive committee, and women representatives and the county assembly. The county assembly is given the mandate to directly oversee and pass budgets and ensure that it is implemented in their respective counties. Citizens, civil society, religious organizations, trade unions and social and business associations need to understand the role of the various structures since they are expected to play an oversight role.

Chapter 12 of the Constitution of Kenya provides a framework for public finance management through efficient and effective procurement planning mechanisms. It also presents the principles and framework of public procurement in Kenya. Principles that are envisaged to guide public procurement include accountability, openness and public participation in matters involving public procurement.

Schiavo-Campus & Sundaram (2000) importance aspect of procurement had been neglected field for a long time, it has since positioned itself among core organizational functions and its management is becoming increasingly critical for the well-functioning of any organization. Studies indicate that public expenditure indicate up to 45 % of the GDP among developed
countries. He further asserted that procurement performance takes into consideration both strategic and operational dimensions of the procurement.

7. Research Methodology

This study adopted a descriptive survey design. Kothari (2004) defines descriptive research design as one that provide the outline of the existing terms, conditions and relationships about the research problem under investigation. The design is important as it allowed the researcher to provide deep insight into a specific subject and focuses on explaining the aspects of the study in a detailed manner. It will play an important role in identifying reasons behind various procurement practices (procurement planning, professionalism, financial management and tendering) adopted as well as assessing its effectiveness on performance of county government. Descriptive study is most preferred as it gives actual report on findings of the study. The study applied quantitative techniques which involves use of numerical data to describe attitudes, perception and observation procurement of entities within Kericho County.

According to Mugenda & Mugenda (2003) the target population refers to sets of elements, items or objects or individuals with similar characteristics and the researcher wants to generalize the results of the study. Kericho County is chosen a representative of the 47 Counties in Kenya. The unit of observations was employees in procurement department composed of senior managers, middle level managers and support staff as well as head of other departments, Budget committee members (Finance department). There are approximately 2000 employees in Kericho County and 60 Employees deals with matters of procurement services (Kericho County Human Resource Department, 2018).

Primary data was used in the study which was obtained through the use of close ended questionnaires. The questionnaires were self-administered using drop and pick later method. A data collection instrument is a tool that is used to aid in data collection. The choice of a suitable tool is dependent on the research objectives and also the kind of data (qualitative or quantitative) that are supposed to be collected. According to Mugenda & Mugenda (2003), questionnaires are the most suitable tools for data collection in survey studies. The present study was a descriptive survey, hence the choice of questionnaires. The questionnaire was structured in such a way that it enabled collection of data pertinent to the study objectives. The questions therein were on a five-point Likert scale. The questions were also close-ended.

The study adopted multiple regressions for the measurement of the variables of the study. The theory is essential in providing the relationships of the variables through relevant coefficients. The regression model was as follows:

\[ Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \epsilon \]

Where
- \( Y \) = Performance
- \( X_1 \) = Procurement Planning
- \( X_2 \) = Professionalism
- \( X_3 \) = Financial Management
- \( X_4 \) = Tendering
- \( \beta_0 \) = Constant Term
- \( \beta_1 \) to \( \beta_4 \) = Beta coefficients
- \( \epsilon \) = error term

8. Research Findings and Data analysis

8.1 Descriptive Results

The descriptive statistics were examined for both the dependent and independent variables using the frequency distributions, means and standard deviations. All the respondents were subjected to the same type of questions which were measured on an ordinal scale and calibrated on a five-point categorical scale whereby 1 represented strongly disagree, 2 = disagree, 3 = neutral, 4 = agree and 5 = strongly agree.

8.1.1 Procurement Planning and Performance of County

This section sought to investigate the extent at which county government of Kericho had adopted procurement planning practices. The practices under study were need identification, need assessment, preparation of delivery schedules, stakeholder involvement, and effectiveness of procurement planning and performance of county in terms of procurement planning.
### Table 1 Descriptive Statistics On Procurement Planning

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
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<tbody>
<tr>
<td>Need identification done on all procured goods and services</td>
<td>62</td>
<td>4.0000</td>
<td>1.17348</td>
</tr>
<tr>
<td>Need assessment is carried out before undertaking procurement activities</td>
<td>62</td>
<td>4.0968</td>
<td>1.11913</td>
</tr>
<tr>
<td>Preparation of delivery schedule is strictly done</td>
<td>62</td>
<td>4.4194</td>
<td>.82080</td>
</tr>
<tr>
<td>County involve stakeholders in procurement activities</td>
<td>62</td>
<td>2.3710</td>
<td>1.17674</td>
</tr>
<tr>
<td>Level of Effectiveness and Efficiency of Procurement planning</td>
<td>62</td>
<td>4.2419</td>
<td>1.15497</td>
</tr>
<tr>
<td>Performance of county in terms of procurement planning</td>
<td>62</td>
<td>4.653</td>
<td>0.67895</td>
</tr>
<tr>
<td>Need identification done on all procured goods and services</td>
<td>62</td>
<td>4.0000</td>
<td>1.17348</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>62</td>
<td></td>
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</tr>
</tbody>
</table>

The findings of the study as indicated on table 1 the mean values ranges between 2.3710 to 4.653. The respondent agreed that need identification is done on all procured goods and service in the county to a mean 4.0000, they further agreed that need assessment is carried out before undertaking procurement activities in the county government agreed to a mean of 4.0968. The respondent also agreed that preparation of delivery schedules is strictly done to a mean of 4.4194. This is line with Kenard (2006) argument that a good procurement plan should identify the items required to be procured by defining the process of acquiring those items and by doing proper delivery schedules. All relevant stakeholders in procurement are involved with regards to procurement activities was slightly agreed to a mean 2.3710. County governments rarely call upon all relevant stakeholders which include, requesting entity, end users, procurement department, technical experts and even suppliers. However, Caldwell et al., (2009) in his findings concluded that detailed specifications are necessary from all stakeholders involved. Level of effectiveness and efficiency of procurement planning at the county government was agreed to a mean of 4.2419 and performance of county in terms of procurement planning had a mean of 4.2419. This agrees with Mullins (2003) findings that there is a positive relation between procurement planning and service delivery.

#### 8.1.2 Descriptive Statistics on Professionalism and Performance of County

Professionalism was measured using six indicators that is level of professionalism of procurement staff at the county government, adequate training of procurement staff has been done, impact of procurement staff experience on performance of county government, necessity of staff capacity building, procurement staff have the necessary tools and equipment to execute their duties and effectiveness and efficiency of professionalism of procurement staff on county performance. Table 2 indicates the results as follows.

### Table 2 Descriptive Statistics on Professionalism

<table>
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<tr>
<th></th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professionalism of procurement staff at the county</td>
<td>62</td>
<td>3.9516</td>
<td>1.13697</td>
</tr>
<tr>
<td>Adequate training of procurement staff is carried out</td>
<td>62</td>
<td>3.9355</td>
<td>1.17167</td>
</tr>
<tr>
<td>Experience of procurement</td>
<td>62</td>
<td>4.2419</td>
<td>.89964</td>
</tr>
<tr>
<td>Necessary staff capacity building</td>
<td>62</td>
<td>4.4839</td>
<td>.82466</td>
</tr>
<tr>
<td>Staff have necessary tools and equipments</td>
<td>62</td>
<td>4.4032</td>
<td>.87702</td>
</tr>
<tr>
<td>Effectiveness and efficiency of professionalism of procurement staff on service delivery</td>
<td>62</td>
<td>4.4839</td>
<td>.80454</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>62</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The respondents were asked to indicate their level of agreement on the statements on professionalism. The results indicated that procurement staff at the county government displays high level of professionalism to a mean of 3.9516, and standard deviation of 1.1369. Adequate training of procurement staff has been carried out in the county government was agreed to a of mean3.9355, experience of procurement staff have impact on performance of county government was agreed to a of mean of 4.2419, staff capacity building is necessary in procurement department mean agreed to a mean of 4.4839, this conforms with findings of Gilbert (2013) that staff requires necessary skills and experience to carry out duties effectively and that the staff competencies influence procurement performance to a large extent. Procurement staff have necessary tools and equipments to execute their mandate was indicated by a mean of 4.4032, and furthermore the results indicated that majority of the respondents agreed that professionalism of procurement staff is effective in enhancing efficient and effective service delivery to a mean of 4.4839. Furthermore the respondents agreed to a large extent that professionalism influence performance of county government.

8.1.3 Descriptive Statistics on Financial Management and Performance of County

The aspect of financial management were measured using six metrics: Timely receipts of funds affect procurement function, Budgetary allocation for various projects, Budget approval, Mismanagement of funds, Accountability plays crucial role and Availability of adequate resources affect the performance.

<table>
<thead>
<tr>
<th>Table 3 Descriptive Statistics on Financial Management</th>
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<tbody>
<tr>
<td>N</td>
</tr>
<tr>
<td>-----------------</td>
</tr>
<tr>
<td>Timely receipts of funds affect procurement function</td>
</tr>
<tr>
<td>Budgetary allocation for various projects is done effectively</td>
</tr>
<tr>
<td>Budget approval</td>
</tr>
<tr>
<td>Mismanagement of funds</td>
</tr>
<tr>
<td>Accountability in management of funds plays crucial role</td>
</tr>
<tr>
<td>Availability of adequate resources affect the performance</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
</tr>
</tbody>
</table>

The findings indicated that majority of the respondents agree that timely receipts of funds affect procurement function at the county government to a mean of 4.5323, budgetary allocation is done effectively for various projects at the county to a of 4.0323, The respondent also agree that budget approval affect procurement of various services at the county to a mean of 4.4032, mismanagement of funds had impacted on the performance county with a mean of 4.0968 and standard deviation of 1.19712 which shows that most of the respondent agreed to the statement and the variation was low. Furthermore the respondent agreed that accountability plays crucial role in the management of funds allocated to procured goods and services with a mean of 4.4839 and finally they agreed that availability of adequate resources affect the performance of county government to a mean of 4.6452.

8.1.4 Descriptive Statistics on Tendering and Performance of County

The respondents were asked to give their opinions on how they agreed with the statement under tendering in the County and the results were as distributed in table 4 below.

The findings indicate that all the respondents agreed that all the legal process of tendering was duly followed at the county level and is effective to a mean 4.4677. Furthermore the respondents were asked to indicate the extent to which they agree with the fact that access of information with regard to tenders is effective and efficient and they moderately agree to a of mean 4.1129. The respondent also agreed that supplier selection is critical in tendering process to a mean of 4.5645. They slightly agreed that integrity is upheld during tendering process to mean of 2.6613. On the other hand the respondents strongly agreed that tendering process at the county level is effective on enhancing the performance of county government to mean of 4.4839. However, majority disagreed that the award of tenders was transparent and fair.
Table 4 Descriptive Statistics on Tendering

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>All the legal process of tendering duly followed</td>
<td>62</td>
<td>4.4677</td>
<td>1.00356</td>
</tr>
<tr>
<td>Award of tenders is transparent and fair</td>
<td>62</td>
<td>1.9516</td>
<td>.96543</td>
</tr>
<tr>
<td>Access of information with regard to tenders</td>
<td>62</td>
<td>4.1129</td>
<td>1.18881</td>
</tr>
<tr>
<td>Supplier selection is critical in tendering process</td>
<td>62</td>
<td>4.5645</td>
<td>.88003</td>
</tr>
<tr>
<td>Integrity is upheld during tendering</td>
<td>62</td>
<td>2.6613</td>
<td>.99084</td>
</tr>
<tr>
<td>Tendering process at the county level is effective in enhancing performance</td>
<td>62</td>
<td>4.4839</td>
<td>1.00396</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>62</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

8.2 Inferential Statistics

8.2.1 Coefficient of Correlation

Pearson Bivariate correlation coefficient was used to compute the correlation between the dependent variable (and the independent variables. According to Sekaran (2003), this relationship is assumed to be linear and the correlation coefficient ranges from -1.0 (perfect negative correlation) to +1.0 (perfect positive relationship). The correlation coefficient was calculated to determine the strength of the relationship between dependent and independent variables (Kothari & Garg, 2014). The study investigated the influence of various components of procurement practices on performance of county government. It also analyzed the general effects of procurement on organizational performance. In order to achieve these, both correlation and regression analyses were conducted.

Table 5 Pearson Correlation

<table>
<thead>
<tr>
<th>Performance of county</th>
<th>Procurement planning</th>
<th>Professionalism</th>
<th>Financial management</th>
<th>Tendering</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>1</td>
<td>.655**</td>
<td>.791**</td>
<td>.671**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>62</td>
<td>62</td>
<td>62</td>
<td>62</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).

In statistics significance testing the p-value indicates the level of relation of the independent variable to dependent variable. If the significance number found is less than the critical value also known as the probability value (p) which is set statistically at 0.05, then the conclusion would be that the model is significant in explaining the relationship otherwise it will be regarded as non-significant. As indicated in the table above, the relationship between procurement planning and performance of county was positively correlated and statistically significant (r= 0.655; p=0.000<0.05), professionalism and performance of county (r= 0.791; p=0.000<0.05), financial management and performance of county (r= 0.671; p=0.000<0.05), tendering and performance of county (r= 0.727; p=0.000<0.05).

8.2.3 Coefficient of Determination ($R^2$)

To assess the research model, a confirmatory factors analysis was conducted. The goodness of fit results is as displayed below in Table 6. The regression model provided an $R$ square value of 0.817. This implies that the predictors used in this model can explain 81.7% in variation of dependent variable.

Table 6 Coefficient of Determination Model Summary ($R^2$)

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.904a</td>
<td>.817</td>
<td>.804</td>
<td>.38672</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Procurement planning, Professionalism, Financial Management, Tendering
The multiple linear regressions gave a multiple correlation coefficient of 0.904 which indicates that the relationship between the three independent variables cumulatively on the dependent variable is strong and positively correlated. The multiple linear regressions also gave a coefficient of determination of 0.817 indicating that the three variables contributed to 81.7% of the variance in the dependent variable.

8.4 Regression Analysis

8.4.1 Analysis of Variance (ANOVA)

The study used ANOVA to establish the significance of the regression model. In testing the significance level, the statistical significance was considered significant if the p-value was less or equal to 0.05. The significance of the regression model is as per Table 7 below with P-value of 0.00 which is less than 0.05. The model gave ANOVA regression sum squares of 37.943 and residual sum square of 8.525. The mean square for regression is 9.486 and a residual mean of 0.150. The results indicated that the overall model was statistically significant. The results further imply that the independent variables are good predictors of the dependent variable which was supported by an F-value of 63.427 with a p-value of 0.000 which was less than the conventional probability of 0.05 significance level.

Table 7 Analysis of Variance (ANOVA)

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>37.943</td>
<td>4</td>
<td>9.486</td>
<td>63.427</td>
<td>.000b</td>
</tr>
<tr>
<td>Residual</td>
<td>8.525</td>
<td>57</td>
<td>.150</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>46.468</td>
<td>61</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Procurement planning, Professionalism, Financial Management, Tender.

b. Dependent Variable: Performance

8.4.2 Multiple Regression Analysis

The researcher conducted a multiple regression analysis as shown in Table 8 so as to determine the relationship between service delivery and the four variables investigated in this study.

Table 8 Multiple Regression Coefficient

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th></th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>.671</td>
<td>.288</td>
<td>.327</td>
<td>.024</td>
<td></td>
</tr>
<tr>
<td>Procurement planning</td>
<td>.433</td>
<td>.060</td>
<td>.573</td>
<td>7.166</td>
<td>.000</td>
</tr>
<tr>
<td>Professionalism</td>
<td>.326</td>
<td>.112</td>
<td>.300</td>
<td>2.912</td>
<td>.005</td>
</tr>
<tr>
<td>Financial management</td>
<td>.098</td>
<td>.082</td>
<td>.134</td>
<td>1.188</td>
<td>.240</td>
</tr>
<tr>
<td>Tendering</td>
<td>.001</td>
<td>.114</td>
<td>.001</td>
<td>.005</td>
<td>.996</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Performance

From the coefficient findings provided, it is clear that procurement planning has a major effect on the county performance as it gave a coefficient value of 0.433, \( t = 7.166 \) and a \( p \) – value of 0.000. This implies that a 1 unit increase in procurement planning results in 0.433 increase in independent variable which is performance of county government in Kenya. This is in line with Mullins (2003) findings that proper procurement planning positively influence performance in both public and private organizations. Kavuva and Ngugi (2014) further noted that proper procurement planning contributes to effective and efficient performance in local government procurement systems in Kenya. Similarly the table indicates that professionalism and county performance are positive, moderate and statistically significantly related at 0.326(\( t = 2.912 \)) and a \( p \) significance level of 0.05. This implies that a 1 unit increase in the level of professionalism increases county performance of Kenya by 0.326. This agrees
with (Collins, 2009) conclusions that organization that manages procurement appropriately results in superior financial performance accrued from avoiding the cost of unethical procurement practitioners. This is also in line with This agrees with (Kiage, 2013) findings that training procurement staffs is critical as it improves procurement practitioner’s skills and knowledge thus improved procurement performance and that experience cannot also be ignored as it leads to efficiency and effectiveness of procurement performance.

Financial management and county performance were found to be positive weak and significantly related at coefficient values of 0.098, (t=1.188) and a p – value of 0.240. This implies that 1 unit increase in level of financial management results in 0.098 increases in county performance. This in line with Samwel (2009) conclusions that open and efficient procurement ensures equal and fair competition among suppliers resulting in effective use of limited public resources and thus contributing to the welfare of the nations. Tendering indicated a weak significant level of 0.001, (t= 0.05) and a p – value of 0.996 which implies that a 1 unit improvement in tendering process results in 0.001 increase in performance of county government.

Thus the predictive model provide by the research findings is as expressed below:

\[ Y = 0.671 + 0.433X_1 + 0.326X_2 + 0.098X_3 + 0.001X_4 \]

Where:
- \( Y \) - Performance of county government
- \( B_0 \) - Constant
- \( X_1 \) - Procurement planning
- \( X_2 \) - Professionalism
- \( X_3 \) - Financial management
- \( X_4 \) - Tendering

The results of correlation analysis implied that when any of the four practices of procurement that is procurement planning, financial management and tendering was enhanced the performance of county government was likely to improve. On the other hand failure to properly implement proper practices is likely to weaken the performance of county government. It was further found that procurement planning and professionalism strongly and positively influence performance of county government.

According to the findings, the first null hypotheses which stated there was no significant relationship between procurement planning and performance of county governments was rejected at \( t = 7.166; p<0.05 \). The second hypotheses which stated there was no significant relationship between professionalism and performance of county governments was rejected at \( t = 2.912; p<0.05 \). However the third hypotheses which stated there was no significant relationship between financial management and performance of county governments and the last hypotheses which stated there was no significant relationship between tendering and performance of county governments failed to be rejected at \( t = 1.188; p>0.05 \) and \( t = 0.005; p>0.05 \) respectively.

9. Conclusions and Recommendations

9.1 Conclusions

The study concluded that Procurement planning was found to influence positively and significantly the performance of county government of Kenya. An organization that does need identification and need assessment on all goods and services and strictly prepare delivery schedules as well as involving all the relevant stakeholders on procurement activities have high chances of delivery effective, efficient and timely services. Also, Professionalism of procurement staff and performance of county government are positively and significantly related. Any county with experienced well trained staff with the necessary tools and equipment and displays high level of professionalism is guaranteed to offer effective and efficient service delivery. Training of employees is vital in developing strong work force.

Based on the outcome of the study, financial management and performance of Kericho County Government was found to be positive and moderately significant. Timely receipts of funds, budgetary allocation for various projects and budget approval by the members of county assembly greatly influence the procurement activities at the county government. It was further concluded that mismanagement of financial resources which include but not limited to incurring wasteful expenditure and failure to keep proper records had negatively influence the performance of county. A county that have adequate resources and displays high level of accountability in management of the funds allocated to procure goods and services is likely to deliver timely effective and efficient services to its citizens.

Tendering processes and performance of county government were moderately effective. Any county that duly follows all the legal processes of tendering and appropriately select their suppliers is guaranteed to offer quality and efficient services. Transparency, fairness, integrity and open tendering are important components of tendering.
9.2 Recommendations

The study recommends all the relevant stakeholders with regards to procurement to be involved in procurement of necessary materials, goods and services. More so the procurement department should assess the experience and capacity of the prospective suppliers and service providers so as to ensure timely services delivery which is according to the specifications.

It further recommends a capacity building for procurement staff which will equip them with the necessary skills required to handle dynamic changes of procurement systems at the county government. Furthermore procurement staff should be adequately equipped with tools and equipment necessary to execute their duties.

In addition, the study recommends timely procurement budgeting which should be presented for approval on time. Adequate finances to be allocated to procurement activities which should be presented to the head of procurement at the right time. Management should come up with policies to curb mismanagement of at the county level which should include strong financial management mechanisms in order to avoid wastage during procurement processes and activities.

Finally, the study recommends the management at the county government to come up with relevant policies so as to ensure fairness, transparency and integrity in tendering process. From the findings of the study financial management and tendering processes in county government need to be improved.

References


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