



The Strategic
JOURNAL *of* **Business & Change**
MANAGEMENT

ISSN 2312-9492 (Online), ISSN 2414-8970 (Print)

www.strategicjournals.com

Volume 9, Issue 4, Article 043

EFFECT OF PROCUREMENT PROCEDURES ON DELIVERY OF SERVICES IN SELECTED DEVOLVED UNITS IN KENYAN WESTERN REGION

Kisaka, C., Kiongera, F., Wanjere, D.

EFFECT OF PROCUREMENT PROCEDURES ON DELIVERY OF SERVICES IN SELECTED DEVOLVED UNITS IN KENYAN WESTERN REGION

***¹Kisaka, C., ²Kiongera, F., ³Wanjere, D.**

¹ MBA Student, School of Business and Economics, Masinde Muliro University of Science and Technology [MMUST], Kenya

² PhD, Senior Lecturer, School of Business and Economics, Masinde Muliro University of Science and Technology [MMUST], Kenya

³ PhD, Lecturer, School of Business and Economics, Masinde Muliro University of Science and Technology [MMUST], Kenya

Accepted: October 11, 2022

ABSTRACT

There has been a series of compliance issues in the world with specific regard to Kenyan County government's compliance ratings. The birth of devolved units has shown inefficiencies in Public Procurement and Asset Disposal leading to review of oversight bodies from PPOA to PPOAB and later PPARB in attempts to address the menace though still with procurement compliance hurdle. Lack of knowledge on procurement laws has made some workers fall victim not due to negligence but lack of adequate information on the procedural aspects on procurement laws. The general objective established the effect of procurement procedures on delivery of service in selected devolved units in Kenyan Western Region. The study covered 4 selected counties in western thus Busia, Bungoma, Vihiga and Kakamega. The study was guided by institutional theory. The study employed descriptive survey research design. The study targeted four counties; Kakamega, Busia, Bungoma, Vihiga. The study targeted 60 staff within devolved units leadership. Closed ended questions were used to gather data. Pilot study was conducted in Kisumu devolved unit. Descriptive and inferential statistical approaches were used. Inferential statistical approach included use of regression and correlation analysis. The findings were that procurement procedures had a positive significant effect on delivery of service. R square was 0.390 this showed that Procurement Procedures explains 39.0 of variance. The ($F=70.004$, $p < 0.05$) implies feasible model. The regression equation for Procurement Procedures becomes; $Y = 2.184 + 0.531X$. The study recommended that devolved units should employ the best procurement procedures that will improve delivery of service. Operate within the set ethical guidelines, proper contract management and adherence to contractual terms improves delivery of service. Ensure costs are minimized to realize value for money and ensure organization factors are accommodative to enable service delivery for public procurement compliance.

Key words: Devolved Units, Procurement Procedures, Service Delivery

CITATION: Kisaka, C., Kiongera, F., Wanjere, D. (2022). Effect of procurement procedures on delivery of services in selected devolved units in Kenyan Western Region. *The Strategic Journal of Business & Change Management*, 9 (4), 609 – 617.

INTRODUCTION

Compliance is adherence to rules with the sole goal of following laid down procedures without breaking the set protocols. Compliance yields a sense of self discipline in handling professionalism at work. It simply acts as a mechanism to guide workers to ensure conformity yields delivery of services for public sector (Mwangi, 2015).

To measure public procurement compliance the study will examine procurement procedures, procurement ethics, contract management and procurement costs as selected determinants. In United Kingdom public sector procurement there is close monitoring to compliance adherence in both public and private sector. This has called for teamwork to ensure all public servants as well as private servants are key promoters of procedural work force demands compliance inclusive. Workers have made compliance a norm in their daily duties calling upon a committed and focused team. There is a duty on procurers in central government to apply the key principles of public procurement. In Kenya similar uproar has been keenly followed in County governments since their promulgation (Nancy & Muturi, 2015).

Procurement procedures entails systematic approaches towards procurement which comprises of internal compliance controls, pre-qualification criteria, Selection procedures, procurement planning and procurement professionalism (Transparency International, 2020). In Kenya, Mutisia (2017) carried on a study on state corporations antecedents of procurement compliance of which ICT integration and procurement training had a positive influence on delivery of services. Though the study failed to address the tenets of compliance at length on basis of compliance related procedures, compliance related ethical conduct, compliance related management of contracts and compliance related costs. The factors associated with organizational set ups with regard to organizational culture fails to emanate. In regard to this study more is needed to expound the scope of study and enumerate

systematic compliance related guidelines for an effective delivery of services. County governments remain the litmus guide in enriching citizens at the lower level with adequate delivery of services. Satisfaction among citizens leads to the normal reference to customer satisfaction that easily explains the efficiency and effectiveness in practice (Sengbeh, 2015). The execution of service activities to customers with the goal of improving the welfare of individuals is termed as delivery of services (Wanna, 2020). To execute delivery of services there are attributes that comes out clearly to insinuate the concept of effective and efficient execution of services.

Statement of the Problem

The birth of devolved units has shown inefficiencies in Public Procurement and Asset Disposal leading to review of oversight bodies from PPOA to PPOAB and later PPARB in attempts to address the menace though still with procurement compliance hurdle. Zubcic (2018), established that lack of knowledge on procurement laws has made some workers fall victim not due to negligence but lack of adequate information on the procedural aspects on procurement laws. Transparency International (2015) cites corruption as impending predicament on procurement. EACC (2016) has occasionally summoned county staff for procurement corruption related issues. The Kenyan public service commission procurement compliance rate was low at 40% as County government's compliance through Council of governor's report showed a medium compliance rate of 50% (Public Service Commission, 2017). Mandera County compliance was determined based on authority compliance monitoring manual. The county attained 67% compliance level and risk rating of 33% in respect of the indicators used in assessment as Vihiga county attained 57% compliance rate and 43% risk rating. This was an indication of partial compliance (PPADA, 2015). Furthermore others boycotted due to non compliance on procurement as well as corruption tendencies (Zadawa, Hussin and Osmadi, 2015). Procurement Compliance deteriorated in

most Counties. Studies (Zadawa, Hussin and Osmadi, 2015, Mwangi, 2017) have shown that compliance positively affects performance of public organizations. According to Mutinye (2017) Busia County government complied with public procurement compliance yet the County performed negatively. A study by Mutula (2015) on procurement compliance in Machakos County showed that compliance had a significant positive influence on service delivery as well as performance of the county. The above studies show contradiction on findings. A study by Ngari, (2020) recommended further research on compliance levels in public entities hence redress on the effect of procurement procedures on delivery of services in selected devolved units in Kenyan Western Region.

Objectives of the Study

To establish the effect of procurement procedures on delivery of services in selected devolved units in Kenyan Western Region. The research hypothesis was;

- **H₀₁:** Procurement procedures do not significantly influence service delivery in selected County Governments in Western Kenya.

LITERATURE REVIEW

Institutional Theory

This was opined by Scott (2005) who placed an institution into three provisions thus the legal(regulatory) pillar, normative pillar and cultural pillar. The legal pillar talks of the regulatory approaches of maintaining law and order in the company. This pillar calls upon strict adherence to legal provisions guiding the does and don't in a company. The regulatory pillar clearly addresses organization factors as a moderating variable under this study. Organization factors enhances following a given organization framework to see the process successful. The normative provisions guides on the basically normal situational activities that should be mate. It talks on how activities should be undertaken. Through normative provision

procurement procedures are addressed and that states how things should be done, the normative pillar addresses procurement procedures as a variable under this study. The cultural based cognitive provision addresses the commonality of believes, symbolism and understanding that is shared (Sengbe, 2015). Procurement procedures are enshrined in the regulatory pillar, management of contract in the normative pillar, procurement ethics in the cultural based cognitive pillar and procurement cost and organization factors in the normative pillar. An institution then remains an important aspect enrooted in three pillars (Muturi, 2015). There are various mechanisms introduced by government to enhance compliance to procurement processes in County governments. This theory therefore stands out to be the leading theory for this study.

Conceptual Review

Procurement Procedures

The procedural issues in procurement connect right from procurement staff, suppliers, buyers and all the necessary stakeholders. The tendering process has procedures to follow to ensure the best brains and well executable roles are met. Furthermore an organization must ensure the successful bidders are given mandate (PPADA, 2015). The procedures employed by procurement department are relevant and useful to compliance demands of an organization. County governments are therefore required to avail their best procedures which are designed by own set laws through the county assemblies.

Supplier Selection procedure, prequalification criteria and procurement planning are the procedural procurement approaches employed in county governments that generates a sense of belonging and yield delivery of services. A team of selected suppliers do approach the selection process to addresses the best team mandated to steer the supply chain activities. Prequalification is addressed on basis of prequalified suppliers, prequalified contractors and all that meets the criteria for the supplier process. Planning in

procurement bases on a series of issues such as cost to be incurred, supplier work team and the general approaches and demands for the supply chain (Nancy & Muturi, 2015).

Empirical Review

Nancy and Muturi, (2015) conducted a study on antecedents of public procurement compliance on performance of public sector in Kenya. The study employed organization cultural and agency theories. Descriptive but cross section survey was applied and both descriptive and inferential applied on analysis. The study employed Supplier Selection procedure, prequalification criteria and procurement planning as the procedural procurement approaches employed in county governments that generates a sense of belonging and yield delivery of services. A team of selected suppliers do approach the selection process to addresses the best team mandated to steer the supply chain activities. Prequalification is addressed on basis of prequalified suppliers, prequalified contractors and all that meets the criteria for the supplier process. Planning in procurement bases on a series of issues such as cost to be incurred, supplier work team and the general approaches and demands for the supply chain. The study therefore found that procurement procedures had a significant positive influence on performance of public sector only if procedures set are of positive value.

A study by Musau (2020) focused on the effect of Public Procurement procedures on supply chain performance of Kenyan security firms based in Nairobi City County. The procedural issues in procurement connect right from procurement staff, suppliers, buyers and all the necessary stakeholders. The tendering process has procedures to follow to ensure the best brains and well executable roles are met. Furthermore, an organization must ensure the successful bidders are given mandate. The procedures employed by procurement department are relevant and useful to compliance demands of an organization. County governments are therefore required to avail their

best procedures which are designed by own set laws through the county assemblies. The study therefore found that procurement procedure compliance had a positive significant influence on supply chain performance.

Hui (2018) carried out an expansive survey study on compliance tendencies and their performance impact in Malaysia and found poor services emerged due to malpractices and unethical conducts. The study therefore indicated that procedural aspects pegged to ethical conduct had a negative effect on delivery of performance. This study fails to connect on compliance but directly to malpractices and ethical view which the current study redressed.

Gelderman (2016) carried a study on compliance manifestation and public procurement performance. The study found a positive connection between compliance on management of contracts, cost and ethics on performance. The study recommended address of other variables on compliance. The current study addressed organizational factor moderation and procurement procedures.

Zadawa, Hussin and Osmadi, (2015) ascertained the antecedents of compliance on Nigerian counties service delivery. The study addressed procurement ethics and management of contract. The study employed a survey of Construction sector, used cronchar alpha which was of above 0.7 for all values. The study generated correlation and hierarchical regression. The study found procurement ethics and management of contract to be of positive and significant effect on delivery of services in Construction sector.

METHODOLOGY

A cross sectional but descriptive survey research design was adopted. Descriptive allowed cross examination of study variables and enabled application of person correlation and regression to establish the association between study variables (Cooper & Schindler, 2014), and make inferences about the target population. The design is suitable

due to cross examination of study variables. The study involved all the 12 ministries in each county governments except Busia which had 10 ministries where 12 procurement heads were involved for the 3 Counties while in Busia 10 ministries used. Other respondents included Supply Chain Director, Supply Chain Deputy Director and storekeepers adding to a total of 60. The selected group has much understanding about public procurement compliance. Census was adopted due to small area of coverage/population (4 counties). Likert scale questions in a five framework were used. Simple Bi-variate Regression Model thus $Y = \beta_0 + \beta_1 X_1 + e$ was used

Y = Delivery of Services

β_0 = Constant

X_1 = Procurement procedures

{ β_0 = Beta coefficients

e = the error term

RESULTS AND DISCUSSION

Response Rate

Sixty tools were distributed to respondents who were Directors Supply Chain, Deputy Directors Supply Chain, heads of procurement and storekeepers in the selected four counties in Western Region of Kenya. Fifty-seven a representation of 95% were returned back and 3 questionnaires a representation of 5% were unreturned. Babbie (2004) also asserts a 60% return rate is good hence 95% was quite good.

Procurement procedures

Table 1: Procurement procedures and Service Delivery

Procurement procedures	SA	A	UD	D	SD
My county undertakes Pre-qualification in selecting suppliers of specialized in nature	43(75.4%)	10(17.5%)	0(0%)	3(5.3%)	1(1.8%)
We ensure qualification of suppliers as part of the prequalification process	43(75.4%)	13(22.8)	0(0%)	1(1.8%)	0(0%)
My county regularly updates supplier registration list in awarding tenders	39(68.4%)	18(31.6%)	0(0%)	0(0%)	0(0%)
We consider qualification in updating registration list	43(75.4%)	13(22.8%)	1(1.8%)	0(0%)	0(0%)
My county prepares an annual consolidated procurement plan before initiating procurement processes	50(87.7%)	6(10.5%)	0(0%)	1(1.8%)	0(0%)

Table 1 above on whether procurement procedures affect service delivery. Most respondents strongly agreed that procurement procedures affect service delivery. For instance, counties undertake pre-qualification in selecting suppliers 43(75.4%) strongly agreed, 10(17.5%) agreed, 3(5.3%) disagreed and 1(1.8%) strongly disagreed as none was undecided.

On whether qualification of suppliers was part of the prequalification process 43 (75.4%) strongly agreed, 13(22.8) agreed as 1(1.8%) disagreed and none was undecided or strongly disagreed. On regularly updating supplier registration list in awarding tenders 39(68.4%) strongly agreed,

18(31.6%) agreed and none was undecided, disagreed and strongly disagreed. On considering qualification in updating registration list 43(75.4%) strongly agreed, 13(22.8%) agreed, 1(1.8%) were undecided, none took a disagreement decision. On county preparing an annual consolidated procurement plan before initiating procurement processes 50(87.7%) strongly agreed, 6(10.5%) agreed, 1(1.8%) disagreed and none strongly disagreed or was undecided. However, on all the four counties Vihiga County government reported disagreements on procurement procedure adherence hence indicating noncompliance incidences. This study is in agreement with Musau

(2020) who found procurement procedures to have a significant positive impact on Nairobi based Kenyan security companies delivery of services. This contradicts with Zadawa, Hussin and Osmadi, (2015) who examined antecedents of public procurement compliance, procurement procedures having a positive significant influence on Construction companies based in Nigeria for its

delivery of services. This study disagrees with Onyinkwa (2015) who found that procurement procedures had no influence on public secondary schools in Kisii. It further disagreed with Mutinye (2017) who found procurement procedures to have a negative influence on delivery of service delivery for retail entities.

Procurement Procedures and Service Delivery

Table 2: Correlation for Procurement Procedures

		Procurement Procedures	Service Delivery
Procurement Procedures	Correlation Pearson	1	
	Sign. (2-t)		
	No	54	
Service Delivery	Correlation Pearson	.622**	1
	Sign. (2-t)	.000	
	No	54	54

** . Corr; sign 0.05 (2-t).

Table 2 above showed that Procurement Procedures were positively and significantly correlated to service delivery ($p < 0.05$) at 95% level of confidence thus adherence to Procurement Procedures increases delivery of service. This study is in agreement with Musau (2020) who stated that procurement procedures and procurement performance of security firms in Nairobi, Kenya that there was a solid important positive correlation between procedures employed in procurement and the procurement performance of security firms. This contradicts with Zadawa, Hussin and Osmadi,

(2015) who examined determinants of compliance with public procurement guidelines on service delivery in the Nigerian Construction Industry. This study disagrees with Onyinkwa (2015) who carried out a study on factors influencing compliance of procurement regulations in public secondary schools in Nyamache Sub-County, Kenya and found that procurement procedures had no influence on compliance. This agreed with Mutinye (2017) who carried a study on an assessment on the effects of procurement procedures for service delivery in retail sector found it had a negative effect.

Table 3: Regression for Procurement Procedures and Service Delivery

Summary Model				
Model	R	R Sq	Adj R Sq	Std. Err Estimate
1	.622a	.390	.385	.27131

ANOVA^b							
Model		Squares	Sum of Squares	Diff	Square Mean	F	Sign.
1	Value for Regression	5.815		1	5.814	70.004	.000a
	Residual value	9.202		52	.074		
	Total	15.017		53			
Model		Coefficients Unstandardized		Coefficients Standardized			
		B	Std. Err	Beta	T	Sign.	
1	(Const)	2.184	.276		7.931	.000	
	Procedural	.531	.060	.622		.000	
	Procurement				8.889		

Table 3 above showed correlation between procurement procedures and service delivery since CF was 0.622. The R square was .390 this showed that Procurement Procedures explains 39.0% of variance in delivery of service. The (F= 70.004, p < 0.05). The regression equation for Procurement Procedures becomes; Y SD = 2.184 +0.531PP.

From the regression equation it means that when Procurement Procedures increase by 1% service delivery would increase by 0.531% thus the relationship was positive and significant. Both regression and correlation result show that Procurement Procedures has a significant positive relationship with service delivery. The study rejected the null hypothesis that procurement procedures do not significantly influence service delivery in selected County Governments in Western Kenya. This study is in agreement with Musau (2020) who found procurement procedures to have a significant positive impact on Nairobi

based Kenyan security companies delivery of services.

CONCLUSION AND RECOMMENDATIONS

The study established the effect of procurement procedures on delivery of services. Therefore, study concluded that procurement procedures have a significant positive effect on delivery of services. Therefore, procurement procedures have got significant and positive effect on delivery of services on the selected devolved units for Kenya Western Region. The study recommends that County governments should ensure procurement procedures are adhered to for quality delivery of services.

Suggestions for Further Research

The current discussion was on County governments of Western Region, a similar study on other county governments should be conducted. The results further recommend for a moderator in other studies.

REFERENCES

- Abere., J & Muturi., S. (2015) *Factors affecting compliance with the public procurement and Disposal Regulations with special reference to Nyamira County, Kenya.*
- Bryma, C., R. & Bell, G. (2014). *Research Methodology: Methods and Techniques*; New Delhi; New Age International.
- Wanna (2020) *The impact of Service Supplier's Unethical Behavior to Buyer's Satisfaction in United States*
- Chemoiywo., K (2014) *Public procurement procedures and supply chain performance in State corporations in Kenya.*
- Cooper, D.R., & Schindler, P.S. (2014). *Business Research Methods.* (8th Ed.). New York: McGraw-Hill Companies.

- Cooper, D. R., & Schindler, P. S. (2014). *Business Research Methods*. (8th Ed.). Boston: McGraw- Hill Irwin.
- Erasmus., J. (2015) *Ethical conduct of procurement officials and implications on service delivery, a case study of Limpopo provincial treasury*.
- Hui, N. (2018). Public Procurement in Ghana: The Implementation Challenges to the Public. *International Journal of Construction Supply Chain Management*. 2(2) 201.
- Gatere, B. C. & Shale, N. I. (2014). Challenges affecting the implementation of access to government procurement opportunities for special interest groups in Kenya: A case of Nairobi County. *International Journal of Social Sciences and Entrepreneurship*, 1 (12), 831-847
- Jaafar, R. A. (2014). The Roles of Compliance with Government Procurement Policy: Moderating the Effects Between Explanatory Factors and Sustainable Public Procurement Practice. *Journal of Manangement/ Jurnal Pengurusan* 48. Pp. 89 – 98
- Jensen's and Meckling (1970). *Theory of the firm: Managerial behavior, agency costs*.
- Kimundu., H & Moronge., B. (2018) *The influence of contract management practices on procurement performance in manufacturing firms in Kenya*.
- Lagat, M. K., Namusonge, G., Berut, Z. (2016). Factors Affecting Youths, Women and Persons with Disabilities in Accessing Procurement Opportunities in Transzoia County Government. *International Journal of Recent Research in Commerce Economics and Management (IJRRCEM)*. V. 3, Issue 2, pp: (42-66).
- Mugenda, O. M., and Mugenda, A. G. (2015). *Research Methods: Qualitative and Quantitative Approaches*. Nairobi, Act Press.
- Mwangi, T. D (2015). Factors affecting compliance of public hospitality entities to public procurement laws and regulations in Kenya. *International Journal of Business and Commerce*; 2 (10), 66-78 (ISSN: 2225-2436).
- Mwendwa P. M (2013). Factors Influencing Compliance with the Public Procurement Legislation in Kenya. *Unpublished MBA Report. University of Nairobi*.
- Nancy, N.O. & Muturi, W. (2015) Determinants of Compliance in Public Procurement Regulations in the Public Sector a Case Study of Kisii County, Kenya. *International Journal of Economics, Commerce and Management United Kingdom*. 3 (10).
- Migosi., R; Ombuki., T & Evusa., W. (2018) *Determinants of Non-compliance to the Public Procurement Regulations in Kenyan Secondary Schools*.
- Moffat., V & Mwangangi.L. (2015) *Determine the influence of contract cost management on performance of Kiambu County, Kenya*.
- Mukura., G; Shalle., R & Ngatia., J. (2016) *The roles of monitoring, policy initiation and review, compliance and implementation of public procurement regulations as roles of PPOA as they affect procurement systems in Kenya Electricity Generating Company (KenGen)*.
- Mutisia., J. (2017) *The determinants of procurement process enhancement in state corporations in Kenya, a case study of Kenya power Limited*.
- Muturi J. (2015) The determinants of compliance among Public Universities in Kenya. *Unpublished MBA Report. University of Nairobi*.

- Mutula., K (2015) Determinants of non- compliance of public procurement regulations in Kenyan secondary schools. *International Journal of Educational Administration and Policy Studies*.
- Mutinye H. (2017) The Antecedents of compliance among Public Universities in Kenya. *Unpublished MBA Report. University of Nairobi*.
- Murimoga, R. & Musingafi, M. C. C., (2014). Local governance and service delivery in Zimbabwe local authorities the case of Harare and Masvingo urban municipalities. *International Journal of Public Policy and Administration Research*, 1(3), pp. 94-107.
- Ngari, K (2020) The determinant of procurement law compliance in public institutions in Kenya in the context of National Youth Service. *International Journal of Recent Research in Commerce Economics and Management (IJRRCEM) Vol. 6, Issue 4, pp: (192-198), Month: October - December 2015, Available at: www.paperpublications.org*
- Nduati., Y &Karanja., B&Namusonge., H. (2017) *The determinants of compliance with AGPO regulations for special groups by Public Universities in Kenya*.
- Nduta, C., Ayuma,C. Langat, B. & Yego, S (2015). Factors Affecting Youth Participation in Public Procurement in Kenya: A Survey of Youth Enterprises in Mombasa County. *The International Journal of Business & Management. Vol 3(9) pp. 2321 –8916*.
- Onchwari., G.&Muturi., S. (2015) *The determinants compliance in public procurement regulations on the performance of the public sector a case study of Kisii County Government*.
- Otieno., D. (2017) *The determinants affecting public procurement participation of youths in Gem Constituency-Siaya County*.
- Onchwari., H & Muturi., V. (2015) *The determinants compliance in public procurement regulations on the performance of the public sector a case study of Kisii County Government*.
- PPADA (2015). Annual Report:. *Procurement Systems in Developing Countries. Evidence Uganda*.
- Sengbeh (2015) *Ethical Procurement Practices and Supply Chain Performance of Kenyan Energy Sector*.
- Scott, D (2005). *Institutional Theory: Contributing to a Theoretical Research*.
- Syengo., N. (2015) *Ethical practices and supply chain performance at Kenya Revenue Authority*.
- Transparency International (2015). *Purchasing and supply chain management. 6th ed. Singapore: Cengage Learning* .
- Vellapi, M., (2020). *Public procurement for sustainable development. Research paper on sustainable public procurement*. SriLanka: Ministry of Highways.
- Wanna, J., Butcher, J. & Freyens, B., (2020). *Policy in Action: The challenges of service delivery*. Sydney: New South Publishing.
- Weishaar, E., (2013). *Cartels, competition and public procurement: Law and Economic approaches to bid rigging*. Cheltenham: Edward Elgar.
- Zadawa, Hussin & Osmadi, (2015). Determinants of Compliance with Public Procurement Guidelines in the Nigerian Construction Industry. *Journal of Procurement*, 3(4), 112-123.
- Zubic, J. & Sims, R., 2014. Examining the link between enforcement activity and corporate compliance by Australian companies and the implications for regulators. *International Journal of Law and Management*, 53(4), pp. 299-308.