

Factors Affecting Public Procurement Performance in Transzoia County Government

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Abstract

The purpose of the study was to analyze factors affecting public procurement performance in Transzoia County Government. The study was guided by the following objectives, to establish the effect of supplier performance on public procurement performance in Transzoia county government. Descriptive research design was adopted for this study. The target population for this study was Transzoia County Headquarters. The unit of observation was employees in Procurement department composed of senior managers, middle-level managers and support staff and individual suppliers of the county government. Due to the small target population, the researcher adopted the census method where by the entire population was used, hence making a sample size of 145 respondents. This research used both primary and secondary methods of data collection. For primary data, it was collected using questionnaires and secondary data, books, journals, manuals, magazines and newspaper articles related to procurement performance was used. Data collected was processed for completeness, accuracy and uniformity. Statistical analysis was employed for the quantitative data; thematic analysis was carried out for the qualitative data and factor analysis was used to determine the strength of the factors affecting public procurement performance in TransNzoia County Government. The findings of the research was to greatly benefit the management in TransNzoia County Government, Procurement policy makers and the Government of Kenya as it will provide part of the evidence to assist in the revision of Procurement policies in favor of improving Public Procurement Performance in the Public Sector.

Keywords: Supplier Performance, Public Procurement Performance

1.0 Introduction

According to the World Bank report of 2005, the world's total expenditure, 75 percent goes towards procurement related activities (World Bank, 2006). The report goes further to mention that this amount spent translates to close to five trillion United States dollars. The World Bank has faulted the way most states conduct their tendering process; it has time and again mentioned that tendering process in majority of PPEs is conducted in some sort of cartels with limited access by credible suppliers. Kenya suffered a ban from the World Bank in the year 2006 after the bank noted that a staggering figure of Kenya shillings 500 billion had been lost due to corruption in procurement related scandals (World Bank, 2006).

The survival of any organization requires that it obtains resources from both the external and internal environment for its existence; this shows that organizations have to acquire goods and services of high quality, at the right time, at the right price and the exact level or quantity (Knight et al, 2007). The above statement exhibits the need for organizations to procure and the consequent development of a procurement results. Kabaj (2003) considers that an efficient public procurement system is of great importance to the advancement of African countries and is a concrete expression of their national commitments to making the best possible use of public resources. Other authors like, Kakwezi and Nyeko (2010) argues that the procurement departments of public entities in Uganda are faced with the problem of not having enough information about the procurement procedure, its inputs, outputs, resource consumption and results, and are therefore unable to determine their efficiency and effectiveness. This implies that such a problem requires establishment of clear procurement procedures and performance standards. Public Procurement Oversight Authority (PPOA) Legislative and Regulatory Framework Pillar in 2010 assessed the existence, availability, quality and use of the legal framework from the highest level (Act and Regulations) down to the more detailed operational procedures, guidelines, model tender documents, and standard conditions of contract. Key weaknesses noted were excessive use of RFQ, and low use of open tendering method. The survey considered 11,046 procurement transactions by the sampled PEs and found that 89.2% of these were through RFQ; direct procurement 3.3%; low value procurements 3.9%; request for proposals (RFP) 0.1%; restricted tenders 1.3%; while open tenders accounted 1.3%. Excessive use of the RFQ method shows a worrying trend of about 90% of business as clerical operations. Rotich (2011) acknowledge that the evaluation or measurement of procurement performance has always been a vexing problem for procurement professionals. He also asserts that traditionally, firms concentrate on analyzing their own internal trends which does not portray the true picture on how they compare well with competitors. Such an approach ignores what the competitors are doing. Lenders (1997) admit that a firm does not wish to make known to its competitors how or what it is doing for obvious competitive reasons. This has been the case in the public sector where procuring entities have not been making available their procurement data due to the sensitive nature

of the data.

Public procurement is an important element in any public entity. This is because it is the purchasing arm of the government whereby the people demands can be met efficiently and effectively. An effective public procurement system allows suppliers to provide satisfactory quality, service and price within a timely delivery schedule, there is utilization of technology and employees are equipped in terms to the job performance. The basic aim of public procurement is clear and precise: acquire the right item at the right time, and at the right price, to support government actions. Although the formula is simple - it involves questions of accountability, integrity and value with effects far beyond the actual buyer/seller transactions at its centre. A serious and sustained review of such decisions is needed to properly manage the public procurement entities and in the end improve performance (Kipchilat, 2006). Public procurement performance can be affected by several factors. The introduction of e-procurement is expected to improve public procurement performance by reducing communication barriers between suppliers and purchasers.

The implementation of the procurement Act 2005 and the subsequent regulations and guideline have faced many challenges in public institutions in Kenya. According to Nyakundi et al, (2012) procurement is the nerve centre of performance in every institution, whether public or private and thus needs a tight system to be followed and adopted. Lack of clear and precise procurement procedures in Kenya has led to failure to apply standard practices in public procurement processes, leading to inefficiencies and extra costs to Transzoia County Government hence affecting the performance of the whole entity. The inefficient use of funds can be generated from problems across the entire procurement process-from the poor procurement planning, definition of the needs and creation of the bidding documents, to a lack of transparency and competition in the process followed for announcements, bidding, evaluation and award of contracts, to poor contract supervision.

According to Chimwani et al, (2014), public procurement is key to government service delivery, yet constraints affect its performance. Procurement is perceived as prone to corruption; occasioning waste and affecting quality of service and life improving opportunities. There is need to reverse this worrying trend and win public confidence. Despite Government efforts to improve the procurement system, it is still marred by shoddy works, poor quality goods and services. Improper implementation of recommended performance standards results in unnecessarily high operation costs, uncoordinated business activities, inability to achieve domestic policy goals, and failure to attract and retain professionals. Therefore the study sought to establish the effect of supplier performance on public procurement performance in TransNzoia county government. .

2.0 Suppliers Performance

According to Garvin (2003), quality is defined using five different approaches namely; the transcendent approach; the product-based approach; the user-based approach; the manufacturing-based approach; and the value-based approach. The transcendent approach equates quality with Innate excellence: The product-based approach defines quality as a sum or weighted sum of the desired attributes in a product: The user-based approach identifies a high quality item as one that best satisfies consumer needs or wants.

Gronroos (2001) defined service quality as a measure of how well the service level delivered meet customer expectations. A common definition of service quality is that service should correspond to the requirements (Edvardsson, 1998).

Despite rigorous academic debate and attention to issues related to understanding service quality from an external customer's perspective, research on the procurement needs domain is relatively new (Gremler et al. 1994).

Edvardsson (1998) contends that specification is an integral part of the procurement function. Without a quality specification the process can be filled with pitfalls and obstacles for the purchasing department. He lists the characteristics of a good specification as follows; Identifies the minimum requirements of the end user, allows for a fair and open procurement process, provides for testing/inspection to insure the goods/services received meet the standard set forth in the specification and provides equitable award at the lowest possible cost.

3.0 Method

Descriptive research design was adopted for this study The target population for this study was Transzoia County Headquarters and unit of analysis was procurement department and suppliers of the county. The unit of observation was employees in Procurement department composed of senior managers, middle-level managers and support staff and individual suppliers of the county government. Due to the small target population, the researcher adopted the census method where by the entire population was used, hence making a sample size of 145 respondents. data was collected using questionnaires which were administered by the researcher with the help of a research assistant. Data collected was processed for completeness, accuracy and uniformity. Data was first organized, reduced, tabulated and further analyzed using various statistical tools to find answers to the research questions. The statistical software used is the statistical package for social sciences (SPSS 17). Whereas

statistical analysis was employed for the quantitative data, thematic analysis was carried out for the qualitative data.

4.1 Discussion

According to Garvin (2003), quality is defined using five different approaches namely; the transcendent approach; the product-based approach; the user-based approach; the manufacturing-based approach; and the value-based approach. The transcendent approach equates quality with Innate excellence: The product-based approach defines quality as a sum or weighted sum of the desired attributes in a product: The user-based approach identifies a high quality item as one that best satisfies consumer needs or wants.

The first objective of the study aimed to establish the effect of supplier performance on public procurement performance in Transzoia county government. The objective was assessed by use of statements in the questionnaire in which the respondents were required to state their position on the basis of a Likert scale that was provided. In this part the study shows the effect of supplier performance on public procurement performance. The results according to the respondent's views are shown in Table 4:1.

Table 4:1 Effect of supplier performance on public procurement performance in Transzoia county government

Statement	SA	A	N	D	SD	Total
The urgency of the purchase requirement affects the performance ability of suppliers	35.7	44.3	18.6	1.4	0	100
Competitive bidding is too expensive and time consuming	35.7	41.4	5.7	11.4	5.8	100
Majority of suppliers meet minimum requirement	31.4	45.7	5.7	7.2	10	100
There is lots of delays of goods delivery by suppliers	11.4	47.1	7.2	28.6	5.7	100

The findings showed that majority 44.3 percent of the respondents agreed while 35.7percent strongly agreed that the urgency of the purchase requirement affects the performance ability of suppliers. 18.6percent were neutral and 1.4percent disagreed that the urgency of the purchase requirement affects the performance ability of suppliers. This means that in majority, 80percent agreed that the urgency of the purchase requirement affects the performance ability of suppliers.

The findings obtained data on whether Competitive bidding is too expensive and time consuming. The results of data analysis results shows that majority 41.4percent of respondents agreed while 35.7percent strongly agreed that competitive bidding is too expensive and time consuming, totaling 77.1percent. But 5.7percent were neutral, 11.4percent disagreed while 5.8percent strongly disagreed. This implies that majority agreed that competitive bidding is too expensive and time consuming. A procuring entity that applies prudent supplier evaluation stand to greatly benefit from good or improved performance of its procurement function now and in the future. Good supplier evaluation using the key parameters which are financial stability, quality aspects, reliability and past performance is a tool that can be used to put the reinforcement theory into practice in the area of strategic procurement management (Martin, 2004).

The results of the study also showed that majority 45.7percent of the respondents agreed while 31.4percent strongly agreed that Majority of suppliers meet minimum requirement. But 5.7percent were neutral, 7.2percent disagreed and 10percent strongly disagreed. This shows that majority 77.1 percent agreed that Majority of suppliers meet minimum requirement

The findings further showed majority 47.1percent of respondents agreed while 11.4percent strongly agreed that there are lots of delays of goods delivery by suppliers. While 7.2percent were neutral, 28.6percent disagreed and 5.7percent strongly disagreed. This shows that majority 58.5percent agreed that there is lots of delays of goods delivery by suppliers.

4.2 Inferential Statistics

The researcher did inferential statistics on the quantitative data. The statistics done included correlation, regression and ANOVA. The results are presented in the section below.

Correlation

The study analyzed data on the effect of supplier performance to obtain the Pearson correlation and presented the results in Table 4:2.

Table 4:2 Pearson Correlation of effect of supplier performance on public procurement performance

Variable	Test	public procurement performance
supplier performance	Pearson Correlation	.653**
	Sig. (2-tailed)	.000
	N	130

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

The study shows that supplier performance has positive relationship on public procurement performance. The r value is 0.653 which is relative strong at 2 tailed significance of 0.000 which is below 0.01 significant

level.

Regression

The study did regression on quantitative data between supplier performance and public procurement performance and presented the findings in the Table 4:3.

Table 4:3 Coefficients^a Determination of effect of supplier performance on public procurement performance

Model 1	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	1.918	.182		10.525	.000
Supplier performance	.307	.353	.307	.869	.388

a. Dependent Variable: public procurement performance

Table 4:4 provides the information needed to public procurement performance from effect of supplier performance. Both the constant and supplier performance contribute significantly to the model. The regression equation is presented as follows; public procurement performance = 1.918 +0.307 (effect of supplier performance).

Model Summary

The model summary of the relationship of supplier performance against public procurement performance is presented in Table 4:12.

Table 4:4 Model Summary of supplier performance against public procurement performance

Model 1	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.360 ^a	.129	.076	.483

a. Predictors: (Constant), supplier performance

Table 4:4 provides the R and R2 value. The R value is 0.36, which represents the simple correlation. It indicates an average degree of correlation. The R2 value indicates how much of the dependent variable, "public procurement performance", can be explained by the independent variable, "supplier performance". In this case, 12.9 percent can be explained, which is relatively significant.

In summary

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

By replacing the values

(Y) Public procurement performance = 2.0771 +0.132 (effect of supplier performance). Statistical analysis shows that supplier performance has highest influence on public procurement performance.

Based on these findings:

The null hypothesis H_{01} : supplier performance does not have statistically significant influence on public procurement performance in TransNzoia county: *is rejected* Therefore, supplier performance has a significant influence on public procurement performance in TransNzoia county

5.0. Conclusions and Recommendations

Based on these findings:

The null hypothesis H_{01} : supplier performance does not have statistically significant influence on public procurement performance in TransNzoia county: *is rejected* Therefore, supplier performance has a significant influence on public procurement performance in TransNzoia county. THEREFORE the study recommends that the county government should give priority to purchase requirement in advance to avoid inefficiency and come up with time management in bidding of tenders. The county government should also invite professional and competent staff in the selection process and exercise of suppliers for qualification. The county government should also unify and embrace the changes in technology to come up with latest ways of work to help to manage work flow management functions controlling efficiently and effectively the numerous processes flows that exist in the department.

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