

FACTORS AFFECTING PROCUREMENT PERFORMANCE OF PUBLIC UNIVERSITIES IN NAIROBI COUNTY

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International Academic Journal of Information Sciences and Project Management (IAJISPM)

Received: 25th October 2014

Accepted: 6th November 2014

Full Length Research

Available Online at: http://www.iajournals.org/articles/iajispm_v1_i3_147_156.pdf

Citation: Nzau, A. & Njeru, A. (2014). Factors affecting procurement performance of public universities in Nairobi County. *International Academic Journal of Information Sciences and Project Management*, 1 (3), 147-156

International Academic Journals

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ABSTRACT

All public institutions would like to be more efficient, more cost effective, more accountable and more responsive to the needs of its customers. Public service and in particular public universities play an indispensable role in the effective delivery of skilled workforce needed for the functioning of a state economy. Public universities have an important role in Kenya's socio-economic development. The main objective of the study was to investigate the factors affecting procurement performance of public universities in Nairobi County. The specific objectives included; investigating whether procurement department of public universities plan for their procurement activities, whether the staff in the procurement department are competent and also if top level management supports the department in attaining its goals. In this study descriptive survey research design was used. The target population was the procurement staff working in the public universities in Kenya. The accessible population and the respondents were (166) employees working in the procurement department drawn from three of the four major public universities in Nairobi County namely; University of Nairobi, Kenyatta University and Technical University of Kenya. Stratified random sampling was used where the focus was on those employees working in the procurement department. Data collection instruments involved use of questionnaires. Data was analyzed using both descriptive statistics such as frequency tables and charts and inferential statistics such as regression

analysis for which the researcher employed the use of SPSS (Ver.17). The study found that 94% of the respondents indicated that the departments prepared procurement plans for the activities outlined in the work plans. The study further found that 79% of the respondents indicated that the procurement staff in the ministry had inadequate skills in supply chain management. The study found that 76% of the respondents indicated that the ministry's management offered adequate professional support, training and educational facilities and opportunities to procurement department. The study recommends that the user departments need to submit their procurements plan to the procurement department in good time within the set time. Procurements need to be implemented by the procurement department according to the planned monetary values/estimated costs, the planned time of delivery/delivery schedules. The procurement staff in the university needs to have adequate professional qualifications in purchasing and supply/ supply chain management and be adequately trained and sensitized on the procurement procedures of the public procurement act and regulations. Adequate basic facilities and resources to perform their expected tasks need to be provided. Finally the study recommends the University's, management to offer adequate professional support, training and educational facilities and opportunities to procurement department.

Key Words: *Procurement planning, Staff competency, Management support and Procurement performance*

INTRODUCTION

There has been increasing demand by the public and other government services consumers' world over for timeliness in materials, goods and services availing by the public procurement entities to enhance efficiency, effectiveness, transparency and accountability by various user departments; all these are captured in the World Bank Procurement guidelines (World Bank, 2006). Objective of maximization of economy and efficiency, promotion of competition and for fair treatment of competitors, integrity promotion and fairness of procedures, increasing transparency and accountability of procedures, increasing public confidence of the said procedures and facilitation of promotion of local industry and economic development. It is critical to note that most government procurement policies, reforms guidelines and regulations (world over) have been customized from World Bank procurement guidelines 2005, likewise the Government of Kenya own Public Procurement and Disposal Act 2005.

The World Bank approximates that of the world's total expenditure, 75 percent goes towards procurement related activities according to its report of 2005 (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 vendors. Kenya suffered a ban from the World Bank in the year 2006 where 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).

It is essential to note that these limiting factors to effective performance of PPEs are not unique to Kenya. In Bangladesh for example, the World Bank decided to deploy an independent oversight institution to monitor utilization of its funds and check corruption in projects funded by it in the 2010/2011 fiscal year. While the bank is committed in doubling its assistance to Bangladesh in four years, it says the country continues to face pervasive corruption problems especially in roads, local government engineering and energy sector. A Washington based oversight institution (Department of Institutional Integrity) assigned to monitor WB funded projects will independently investigate corruption charges when it receives complaints. On the basis of the probe reports, the WB will take various measures to stop corruption. If the problem persists, it will discontinue funding the project concerned (World Bank, 2006).

Procurement performance of PPEs in the thought of the stakeholders has a lot of gray areas ranging from tendering process which takes too long thus causing delays in procurement of goods and services.

The professional competence of some the officers involved in tendering has also been cast into doubt with some reports that some do not undergo continued training and development to upgrade their skills. Since time immemorial, public service has been having serious capacity

constraints and procurement function has not been spared either. This to a great extent affects service delivery by the few officers involved in the tendering procedure hence negating the performance of PPEs.

A research by Chepkwony (2010) on the effect of open tendering process on public institution performance, a case study of Jomo Kenyatta University of Agriculture and Technology- JKUAT found out that open tendering directly affected the performance of JKUAT since it had a direct impact on the; quality of goods supplied, supplier satisfaction and timeliness of supplies. However, the research did not look at factors that affect the open tendering process itself.

The enlightened public of the twenty first century has continually demanded good governance, proper monitoring and evaluation of public funds as well as total compliance to the law by officers given the responsibility to manage public funds through procurement as contained in the recent report by National Tax Payers Association (NTPA, 2013).

STATEMENT OF THE PROBLEM

The PPEs plays an indispensable role in the effective delivery of public services that are key to the functioning of a state economy. When the delivery of services is constrained or becomes ineffective, it affects the quality of life of the people and nation's development process (Arrow smith, 2005). The World Bank, in its project appraisal report of 2010 reported that projects are experiencing funds absorption rate of less than thirty percent (30%). Although this low rate cannot fully be blamed on the procurement function, it shows that there is a relationship between procurement function and performance of the project in terms of utilization of funds. The above statistics paints a gloomy picture about procurement function which has completely fallen short of the expectations of the Kenyan public hence resulting to procurement which don't achieve value for money for the stakeholders (World Bank, 2010).

A research by Chepkwony (2010) 'on the effect of open tendering process on public institution performance, a case study of Jomo Kenyatta University of Agriculture and Technology found out that open tendering affected the performance since it had a direct impact on the; quality of goods supplied, supplier satisfaction and timeliness of supplies. However the research did not look at factors that affect the open tendering itself. It is therefore vital to systematically establish the factors that affect the procurement performance of PPEs with a focus on public universities through a research study. The factors that need to be investigated for their impact on procurement performance of public universities include; procurement planning, top level management support and the competency levels of the procurement staff.

GENERAL OBJECTIVE

To establish the factors that affect procurement performance of public universities in Nairobi County.

SPECIFIC OBJECTIVES

1. To investigate the effect of procurement planning on the procurement performance of public universities in Nairobi County.
2. To assess the impact of staff competency on the procurement performance of public universities in Nairobi County.
3. To determine the effect of management support on the procurement performance of public universities in Nairobi County.

MATERIALS AND METHODS

The study adopted a descriptive survey design. Mugenda and Mugenda (2003) describes a survey design as an attempt to collect data from members of a population in order to determine the current status of that population with respect to one or more variables. The researcher opted for this option because it is an efficient method of collecting descriptive data regarding characteristics of a sample of a population, current practices, conditions or needs. The design also allowed the researcher to gather information regarding the respondent's opinion, perceptions, attitudes and views in a highly economical way. This study therefore was able to generalise the findings to all the public universities in Kenya. The target population for this study was drawn from the employees working in the procurement department of public universities in Kenya. A sample of 3 public universities of the total 4 public universities operating in Nairobi County, were selected for the purpose of this study. The researcher used Non-probability sampling to select the 3 public universities operating in Nairobi County which were KU, UON & TUK. In this study, the sampling frame was drawn from 3 of the total 4 public universities operating in Nairobi County. The study took 166 respondents drawn from the procurement department of T.U.K (49), U.O.N (58), and K.U (59) respectively. The study used a sample of 30% of the desired sample size (384) as the actual sample size. Therefore the actual sample size that the study considered was 115 respondents from the 3 selected public universities under study.

The studies utilized primary and secondary data. Primary data was gathered through questionnaires, while secondary data was obtained from published documents or materials such as journals, periodicals and magazines. The questionnaires were self-administered and reasonable time given before they were collected.

A pilot study of 10 % (12 respondents) of the desired sample size of 115 respondents was carried out in each of the universities. The pretest enabled the researcher to determine the reliability of the instruments. The respondents were conveniently selected since statistical conditions are not necessary in the pilot study. This reliability estimate was measured using Cronbach Alpha coefficient (α). The researcher used both descriptive and inferential statistics when analyzing the data. Descriptive statistics allow for meaningful description of a distribution of scores or measurements using a few indices or statistics and to describe (and compare) variables

numerically. Descriptive statistics such as Measures of central tendency (Mean, Mode and Median) and Measures of variability (range, standard deviation, frequency distribution, frequency polygons, bar charts, and percentages) was used in analyzing the data. Inferential statistics on the other hand were used to make inferences about the population based on results obtained from samples. In this study, the researcher used regression analysis in an attempt to establish the relationship between independent variables and the dependent variable. The questionnaires were coded and the data keyed into the computer using Statistical Package for Social Science (SPSS V-17). Data was presented data using charts, graphs and tables.

RESEARCH RESULTS AND DISCUSSION

The study targeted 115 respondents in collecting data with regard to factors affecting procurement performance of public universities in Nairobi County. From the study, 86 out of the 115 sample respondents filled-in and returned the questionnaires making a response rate of 75%. According to Mugenda (2003) above 70% response rate is very good. This reasonable response rate was made a reality after the researcher made personal calls and visits to remind the respondent to fill-in and return the questionnaires.

Reliability Analysis

The Alpha measures internal consistency by establishing if certain item measures the same construct. Nunnally (1978) established the Alpha value threshold at 0.6 which the study benchmarked against. Cronbach Alpha was established for every objective in order to determine if each scale (objective) would produce consistent results should the research be done later on. The table below shows that competencies of staff had the highest reliability ($\alpha=0.849$) followed by top management support ($\alpha = 0.791$) and procurement planning ($\alpha=0.783$). This illustrates that all the four scales were reliable as their reliability values exceeded the prescribed threshold of 0.6.

Procurement Planning

On procurement planning in the university, the study found that 94% of the respondents indicated that the departments prepared procurement plans for the activities outlined in the work plans. 84% of the respondents indicated that the procurement plans were within the approved budget for the departments. 79% of the respondents indicated that the departments did not submit their procurements plan to the procurement department in good time within the set deadline. 83% of the respondents indicated that procurements were not implemented by the procurement department according to the planned monetary values/estimated costs. 80% of the respondents indicated that procurements were not implemented by the procurement department according to the planned time of delivery/delivery schedules. 87% of the respondents indicated that the procurements were implemented by the procurement department according to the prescribed procurement method. The findings concur with Thai (2004) who posit that There cannot be a

good procurement budget without a plan, and there can be no procurement without a budget to fund it. Planning is a process that consists of many steps and the bottom line is that planning is not concerned with future decisions but rather with the future impact of decisions made today. Procurement must take a thoroughly professional view of its role in business as a whole and that must include planning (Bailey, P. et.al, 2005).

Staff Competency

On staff competencies in their work in the university, the study found that 79% of the respondents indicated that procurement staff in the university had inadequate professional qualifications in purchasing and supply/procurement/supply chain management. 76% of the respondents indicated that procurement staff in the university had not been adequately trained and sensitized on the procurement procedures of the public procurement act and regulations. Grant (1991) states that the loss of key staff competencies may have negative consequences on the competitiveness of a company and on its productivity and efficiency. The preservation and development of staff competencies are critical issues to these companies. Competencies are a part of the company's intangible resources. Intangible resources and people based skills are pointed out as strategically important resources for gaining a sustainable competitive advantage.

Top management support

On the top level management support in the university the study found that 77% of the respondents indicated that the management offered adequate professional support, training and educational facilities and opportunities to procurement department. 89% of the respondents indicated that the management allocated more resources and equipments to other departments than to procurement department. (87%) respondents indicated that the procurement department was involved in the decision making process affecting the long term operation of the university. The findings are in line with Thai (2004) who maintained that procurement forms and procedures may be convenient and useful tools, but the procurement planning effort will succeed only with the complete commitment and involvement of top management, along with appropriate personnel that have a stake. This implies that without top management support, thorough procurement planning and the subsequent procurement processes will not yield substantial benefits.

REGRESSION ANALYSIS

The researcher conducted a multiple regression analysis so as to test relationship among variables (independent) on the factors affecting procurement performance in the public universities in Nairobi County. The researcher applied the statistical package for social sciences (SPSS) to code, enter and compute the measurements of the multiple regressions for the study.

R-Squared is a commonly used statistic to evaluate model fit. R-square is 1 minus the ratio of residual variability. The adjusted R2, also called the coefficient of multiple determinations, is the percent of the variance in the dependent explained uniquely or jointly by the independent variables. The three independent variables that were studied, explain only 77.4% of the factors affecting procurement performance in the public universities in Nairobi County as represented by the R2. This therefore means that other factors not studied in this research contribute 22.6% of the factors affecting procurement performance in public universities in Nairobi County. Therefore, further research should be conducted to investigate the other factors (22.6%) that influence the factors affecting procurement performance in the public universities in Nairobi County.

As per the SPSS generated table 4.11, the equation ($Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \epsilon$) becomes:

$$Y = 0.28 X_1 + 0.062X_2 + 0.323 X_3 + 0.234$$

According to the regression equation established, taking all factors (procurement planning, competencies and top management support) constant at zero, procurement performance in the public universities will be 0.234. The data findings analyzed also shows that taking all other independent variables at zero, a unit increase in top management support will lead to a 0.323 increase in procurement performance in the public universities in Nairobi County. A unit increase in procurement planning will lead to a 0.28 increase in procurement performance in the public universities in Nairobi County; and a unit increase in competencies will lead to a 0.062 increase in procurement performance in the public universities in Nairobi County. This infers that top management support contribute more to the factors affecting procurement performance in the public universities in Nairobi county followed by procurement planning.

At 5% level of significance, top management support had a 0.683 level of significance, procurement planning had 0.109 level of significance and procurement planning showed a 0.006 level of significant hence the most significant factor is top management support.

Table 1: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	.234	.565		.237	.813
procurement planning	.208	.127	.202	1.630	.109
competencies	.062	.152	.051	.410	.006
top management support	.323	.114	.343	2.828	.683

CONCLUSIONS

On procurement planning in the universities, the study concludes that the departments prepared procurement plans for the activities outlined in the work plans and were within the approved budget for the Departments. The departments did not submit their procurements plan to the procurement department in good time within the set deadlines. Procurements were not implemented by the procurement department according to the planned monetary values/estimated costs, the planned time of delivery/delivery schedules and according to the prescribed procurement method. The procurements were implemented by the procurement department according to the prescribed procurement method in the respective universities. From the findings it was deduced that the procurement staff in the universities had inadequate work experience in undertaking purchasing and supply functions. Procurement staff in the university had inadequate professional qualifications in purchasing and supply/procurement/supply chain management and had not been adequately trained and sensitized on the procurement procedures of the public procurement act and regulations. The university management allocated more resources and equipment's to other departments than to procurement department. Procurement department was involved in the decision making process affecting the long term operation of the university. Finally the study concludes that the management offered adequate professional support, training and educational facilities and opportunities to procurement department.

RECOMMENDATIONS

Based on the discussions above the researcher has recommended that the departments need to submit their procurements plan to the procurement department in good time within the set time. Procurements need to be implemented by the procurement department according to the planned monetary values/estimated costs, the planned time of delivery/delivery schedules. The procurement staff in the university needs to have adequate professional qualifications in purchasing and supply/ supply chain management and be adequately trained and sensitized on the procurement procedures of the public procurement act and regulations.

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