EFFECTS OF PROCUREMENT PLAN IMPLEMENTATION PRACTICES ON PERFORMANCE OF KISII COUNTY GOVERNMENT IN KENYA

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ABSTRACT

The purpose of the study was to assess the effects of procurement plan implementation practices on the performance of County Governments in Kenya. The specific objectives were: To analyze the effects of resource allocation and the contributions of procurement method to the performance of Kisii County government, Kenya. This study focused on the Implementation theory and Resource-based view theory. The study adopted descriptive survey research design. The population for the study was 4935 employees in Kisii County Government. Yamane formula was used to calculate the sample for the study n= 370 respondents. Questionnaires were used to collect primary data. The collected data was analyzed using quantitative technique. The data collected was analyzed using descriptive statistical measures of central tendency such as mean and percentages. The county is well equipped with trained personnel to support procurement plan implementation. The county allocates sufficient financial resources for procurement plan implementation. There was delayed disbursement of funds budgeted due to delayed implementation. Using other variable changes would result in this regression equation establish that keeping all factors constant (Resource allocation, and procurement methods while other factors held affecting performance would be varied by implementations. The county adheres to procurement procedures during procurement plan implementation.

Key Words: procurement plan, implementation practices, performance, Kisii county government in Kenya

INTRODUCTION

Procurement plan is guided by principles of transparency, accountability, and achieving value for money for citizens and taxpayers. Globally, in many developed nations, public sector expenditure is substantial procurement plans. Government organizations across the world tend to spend between 8 per cent and 25 per cent of GDP on goods and services (McCrudden, 2018). In the UK, there is lack of implementation practices from large public procurement expenditure of approximately £150 billion.

Procurement plan implementation commonly involves purchase planning, standards determination, specifications development, supplier research and selection, value analysis, financing, price negotiation, making the purchase, supply contract administration, inventory control and stores, and disposal and other related functions. Procurement is concerned with how public sector organizations spend taxpayers' money on goods and services, but procurement plan implementation practices are not effective (Hall, 2012).

The need for effective procurement plan is at both national and county government and its extensive contribution to better governance of public sector. In the past few years, developing
countries have realised for many decades’ that procurement function which has been viewed as a clerical task Corsten (2013). However, today it has positioned itself among the core organization functions and its management has become more critical in the overall organizations performance. Procurement plan is becoming important at the local level (county government), in parallel with decentralization (Sundaram, 2010).

Procurement plan implementation therefore, is the process of acquiring goods, works and services from the sources already identified through a competitive procurement process in order to meet organizations objectives. Procurement Planning therefore, is important exercise in any organization as it leads to the attainment of a working document called procurement plan (PP). Moreover, Planning has a number of significance in the organization including: determining what to buy, when and from what sources, assist budgetary committee in determining if expectations are realistic; particularly the expectations of the requesting entities, which usually expect their requirements met on short notice and over a shorter period than the application of the corresponding procurement method allows. During the procurement planning process, the procurement method is assigned and the expectations for fulfillment of procurement requirements determined, PPADA, (2015), and Jorge A. Lynch T, (2013).

Country Procurement Assessment Report (CPAR), prepared by a team of Government officials, World Bank and donor staff, and national consultants, found that there was substantial inefficiency in public procurement. Despite the Public Procurement and Asset Disposal Act 2015 being in place with an aim of guiding the procurement function in public institutions, specific internal procurement factors still affect the efficiency of the procurement process. The reasons for poor implementation of the Procurement plan by Kisii County government has created the gap that this study seeks to fill (Leung, 2017).

However, empirical studies by Moszoro (2014), Jorge (2013) explored implementation of procurement plan in public sector organizations in general, while Nyaga & Kihara (2014) studied on the implementation of procurement plans in Kenyatta National Hospital. It is, therefore, important to conduct a study in county government in Kenya specifically in Kisii County to ascertain and fill this contextual gap.

Public procurement plays a pivotal role in the economic development of any country. In Kenya, it is the means through which government spends revenue raised annually, for the implementation of public service delivery. As such, a public procurement system that is economically inefficient invariably undermines the government programmes for economic growth. Cognizant of this fundamental role, Article 227 of the Constitution of Kenya mandates Parliament to prescribe a framework within which policies relating to procurement and asset disposal shall be implemented. Specifically, Auditors General Report, (2018) requires that any state organ or public entity contracting for goods or services must do so within a system that is fair, equitable, transparent, and cost-effective (Nyandim, 2018).
According to Public Procurement Oversight Authority PPOA (2014), most of the tendered products/services in many counties have a mark-up of 60 percent on the market prices. The inefficiency and ineptness of overall implementation of procurement plan in counties contributes to loss of over Ksh.500 million annually Orina (2015). According to Victor (2012), procurement expenditure could be minimized through proper implementation of procurement plans.

**STATEMENT OF THE PROBLEM**

County governments experience major challenges in the implementation of its procurement plans. Procurement plan implementation is not also effective analyzing performance of county governments in Kenya. However, county governments are trying to come up with clear procurement plans based on public procurement regulatory authorities such as procurement approvals and resource allocation but it is not clear which plan that will improve the performance. This is evidenced by a study analyzed by Miller (2018) on the factors affecting implementation of public procurement reforms in county governments in Kenya. Further, top management are the main factor affecting implementation of the reforms. Despite this, there is not clear with the results arrived to analyze the effect of procurement plan implementation practices on the performance of county governments in Kenya based on procurement approvals. Performance of county government is not properly enhanced by procurement plan implemented such as service delivery and efficiency of resource allocation. Ouma (2014) explored the impact of resource planning on public sector procurement performance in Kenya. The study found that the knowhow of the public procurement are more hidden to the public, however, increasing procedures of operations is not disclosed by resources allocation. There is pressure on the public procurement in public organization resulting from use of good procurement practices. This is not revealed in relation to procurement plan implementation practices of the performance of county government in Kenya by analyzing resource allocation. The previous studies from the problem reviews from Ouma (2014) and Miller (2018) has concentrated heavily on the issue arising from public procurement implementations with other indicators such as resource allocation planning and procurement approvals. Thus, it is clear that there is not current study that can be relied upon on the effects of procurement plan implementation practices with resource allocation, procurement method, procurement approvals and integration of these plans. Therefore, there is need to focus on this study. The purpose of this study therefore, was to assess the effects of procurement plan implementation practices on the performance of Kisii county government, Kenya.

**OBJECTIVE OF THE STUDY**

The objective of the study was to assess the effects of procurement plan implementation practices on the performance of Kisii county government in Kenya.
THEORETICAL REVIEW

The implementation theory was propounded by Kouzes and Posner in 1995. It states that the quest of finding a model for implementation plans is that can overcome existing deficiencies. It was later modified by Bourgeois and Brodwin (2012) who have created a five-model system for procurement plan implementations categorizing strategic practices. It shows different positions or viewpoints one might assume while implementing plans.

The commander model draws its influences from the military life, in the sense that the CEO wields absolute power. In this model the CEO is the rational agent behind the procurement decisions and plays no role in implementation. The CEO-model’s works best with a powerful executive with few personal biases and vast and accurate sources of information. The change model is based on planned interventions in the organization’s culture and systems, which will set off the desired behavioural outcomes. This model creates the ability to carry out more complicated procurement plans than the commander model, but also creates an additional inflexibility for unanticipated events and changes of plan (Kaplan, 2016).

This theory helps to motivate the managers and also provides the strategic decision-making-process with more information and cognitive capital. The problem of this model results from the fact that collaboration does not reach beyond top management. More decision making also means more politics and conflicts of interest, which may mean less rationality. The cultural model is based on contributions of procurement method to the performance by achieving acceptance of a shared vision. The main problem of this theory is the vast amount of time it requires. It also presupposes an intelligent and responsible workforce and may lead to suppressing homogeneity in the organization This theory is based on all procurement plans involved in decision making directly to perpetuate the vision of an organization (Heide, 2012).

EMPIRICAL REVIEW

Resource Allocation

Cedillo & Bueno (2014) did a study on the impact of resource allocation on global supply chains performance in Sugar processing firms in Farmigan. The study explored the impact of reliability of resource allocation on global supply chains performance. The study used ordinary least square (OLS) to determine the impact of resource allocation on supply chain performance. The target population of 63 was used to determine the sample size through census. The results indicated that planning of resource allocation affect performance of processing firms.

Hallikas & Vilko (2017) examined the impact of resource allocation on multimodal firm performance in Uganda listed firms. The study adopted a case study on analysing 5 listed firms in Uganda. The study also used 5 years to collect data from 2011 to 2015; this employed pooled regression design (Panel data design). The results showed that resource allocation, and firm
performance has significant effect. The comprehensive procurement report showed that resource allocation affect performance. This study aimed to bridge the gap on resource allocation.

Tangus (2015) studied the effect of resource allocation practices on performance of manufacturing Firms in Kisumu County, Kenya. The study adopted longitudinal design. The data was collected by questionnaire from 32 respondents comprising of employees working in manufacturing Firms. Using split half test, it was established that resource allocation product is crucial to improve performance of manufacturing firms. However, supply chain partners vary with resource allocation. The trust of suppliers in resource allocation is greatly improved with supply chain performance.

**Procurement Method**

Arrowsmith and Hartley (2016) investigated the impact of procurement methods on performance of Firms in New York. The objective of the study was to investigate the impact of procurement methods and supplier engagement on performance. The study adopted correlation design. The data collected was analyzed by descriptive statistics using mean and percentage. The study indicated that firms need to acquire goods using the correct procurement methods which are adequate. Procurement method entails followed techniques in acquisition of goods. Sagimo (2012) added that procurement method is the technique of values, and knowledge which entails shared basis of buying. Procurement method impacts most features of an organization like how, when, and who makes decisions, and distribute goods and services in the organization.

Simatupan (2015) studied the effect of procurement methods on performance of companies in India. The study aimed to examine the effect of procurement methods on performance of companies. The study employed descriptive research design. It had a sample of 22 companies where the questionnaire was distributed to 22 respondents. Descriptive statistics was conducted to describe data analysis. There was association between procurement methods and performance of firms. Thus, procurement methods enhance supply chain performance by determining effective supply of goods and services.

Hassan, Habib & Khalid (2014) carried a study on the role of procurement methods on buying performance of chemical industries in Pakistan. The study sought to analyze the role of procurement methods on buying performance of chemical industries in Pakistan. The study was done on 6 industries, data collected analyzed and published in procurement reports. Multiple regressions analysis was adopted to analyze the collected data. The findings showed that there exists a significant relationship between procurement methods and performance. There is a relationship between procurement methods, supplier parties and trust building. Buyer and supplier feel free and secured the right procurement methods.

Odhambi (2013) analyzed the effect of procurement methods on supply chain management in Long Range Company in Nigeria. The study used descriptive design. Tobin Q model was used to analyze data. The questionnaire was used to collect data, handbooks or document guide between 2011 and
Data analysis was done using regression coefficients to focus. The findings showed that procurement methods affected performance. The acknowledgement note given to suppliers enhances performance. Supplier compromise relies on organization policies and procedures fitted. The study revealed that supplier procurement methods is available with procurement expertise unit, but did not achieve buyer knowledge, tenders follows steps to apply for procurement workforce. Lack of supplier procurement methods remains the most important problem in procurement operations in most organizations.

Simchi and Kaminsky (2013) studied the effect of procurement methods and organizational performance in Ethiopia public organization. The aim of the study was to establish the effect of procurement methods on performance of firms, the designing and managing supply chain. The study analyzed supplier procurement methods in 4 public health organization. The study analyzed procurement methods of 4 organizations using 345 respondents comprising of employees working organizations. Panel data design using simple and multiple regression analysis was employed. The study indicated that procurement methods between suppliers and buyers were statistically significant. Thus, procurement methods was important in procurement practices regarding stock levels cost knowledge and returns.

Hallikas & Vilko (2017) examined the impact of procurement methods on multimodal firm performance in Uganda listed firms. The study adopted a case study on analyzing 5 listed firms in Uganda. The study also used 5 years to collect data from 2011 to 2015; this employed pooled regression design (Panel data design). The results showed that procurement methods and firm performance has significant effect. The comprehensive procurement report showed that procurement methods affect performance. This study aimed to bridge the gap on trusting, procurement methods given by suppliers, responding to suppliers, and information request.

Manyuru (2015) studied the effect of procurement methods on the relationship between corporate governance and growth among Uganda listed firms. The objective of the study was to examine the effect of procurement methods and corporate governance among Uganda listed firms. The study adopted survey design; stratified sampling technique was used to determine the sample size of 34 respondents. Descriptive statistics was used. The study indicated that procurement methods informs about corporate government, the production of goods and services exhibit reasonability of supply chain. Procurement methods improve the firm’s requisition which later improves performance.

Otieno and Getuno (2017) examined the effect of procurement methods on procurement performance of postal corporation. The study aimed to examine the effect of procurement methods and its effect and impact on regulation. Census was used to sample 6 management employees. Descriptive research design was to 76 procurement employees. Questionnaires were distributed using self-administered. Using Pearson correlation, there was a positive association between transparency, inspection, procurement reforms, tendering and professionalism on organizational
performance. However, the study failed to address procurement methods using parametric analysis of procurement of goods and services.

According to PPADA (2015) a number of procurement methods may be used, however, this depends on the threshold matrix based on the value of goods, works or services to be acquired by procuring entity (PE). Some of the procurement methods which are cost effective, transparent, and fair and leads to proper accountability, thus, value for money, includes open tender, request for proposal (RFP) and restricted tendering, where the PE only deals with already pre-qualified suppliers. All these methods are focused on effective implementation of procurement plan.

Sharma (2017) noted that during procurement plan implementation, the right procedure is followed including verification of fund availability, verification of specifications to ensure quality implementation and achievement of value for money, and finally provision of market rate/ prices to avoid exaggeration which may affect effective implementation of PP. Because of the structured policies and procedures in public sectors in Kenya, and the emphasis put on chapter six of Kenyan constitution, 2010 on leadership and integrity has directed public servants to adhere to the codes of ethics in various places of work.

Robins (2016) found that procurement method guides the actions of procurement officers on how to approach particular acquisitions within the organization. It also facilitates communication, decision-making, and organization liaisons. It is therefore prudent that PP implementers must ensure that procurement plan implementation is in line with the procurement method to enable performance.

Orina (2015) revealed that procurement plan implementation cannot work without attention on codes of ethics and collaboration with key stakeholders, which in turn improves the flexibility of the organization. Teamwork spirit encountered among the PPI team facilitates the performance, because there is smooth coordination and information sharing. All stakeholders involved must adhere to the standards of the organization by upholding its core values; accountability, teamwork, professionalism, responsiveness and integrity. A study by Vonderembese (2019) expound that organizations have begun to realize that it is not enough to improve internal efficiencies; instead the whole procurement environment has to be made competitive. Under such circumstance, effective procurement management has become a potentially procuring means to improve organizational performance.

**RESEARCH METHODOLOGY**

The study adopted a descriptive survey research design to determine the effects of procurement plan implementation practices on the performance of Kisii County Government. The research used structured questionnaire. The population for the study was 4935 employees in Kisii County Government. The study determined a sample of 370 from 4935 respondents of which the remaining were generalized to other studies to be done. The collected data was analyzed using quantitative technique. The statistical package for social science (SPSS) method was used in arriving at the
general opinions of the respondents. The data collected was analyzed using descriptive statistical measures of central tendency such as mean and percentages.

**RESEARCH RESULTS**

**Resource Allocation**

The study asked the respondents to indicate whether they were aware of procurement plans in the County Government. Using Likert scale of 1-.5, the researcher asked the respondents to indicate the extent to which they agree with the following statements in relation to resource allocation practices on performance in the county. The study showed that delayed disbursement of funds budgeted for often delay implementation of PP had a mean of 4.2033 with standard deviation of 0.69233, County monitors and audit all the resources allocated by the government towards PP implementation had a mean of 4.1950 with standard deviation of 0.77951, The county has adapted information technology in its day to day operations to support information sharing had a mean of 4.1618 with standard deviation of 0.72655, The county is well equipped with trained personnel to support procurement plan implementation had a mean of 4.1203 with standard deviation of 0.53037, The county allocates sufficient financial resources for procurement plan implementation had a mean of 3.5394 with standard deviation of 0.74127, the main resource allocation for procurement plan implementation had a mean of 1.4564 with standard deviation of 0.72970, aware of the existence of procurement plan within the organization had a mean of 1.3320 with standard deviation of 0.69954, county institution/facility value resource allocation had a mean of 1.2905 with standard deviation of 0.57615 and financial resources are important for this county facility had a mean of 1.2739 with standard deviation of 0.55500. From the results, it can be established that delayed disbursement of funds budgeted for often delay implementation of PP had a mean of 4.2033 with standard deviation of .69233, and financial resources are important for this county facility had a mean of 1.2739 with standard deviation of 0.55500.

**Procurement Method on Performance**

The respondents were asked to indicate how often procurement procedures affect performance. The study showed that Procurement method greatly contributes to the performance of the organization had a mean of 4.2863 with a standard deviation of 0.76715, The choice of a procurement method is guided by the procurement policies in the threshold matrix had a mean of 4.2448 with a standard deviation of 0.62768, Relationship between the County and suppliers greatly affects performance had a mean of 4.2158 with a standard deviation of 0.77669. The county adheres to procurement procedures during procurement plan implementation had a mean of 3.9751 with a standard deviation of 0.67036, we have the best procurement method relevant for procurement plan implementations had a mean of 1.7095 with a standard deviation of .81052, procurement procedures affect performance had a mean of 1.2905 with a standard deviation of 0.53099, suppliers to the county complain on ethics practices had a mean of 1.2531 with a
standard deviation of 0.43570 and we believe that the procurement method used to acquire goods can affect performance had a mean of 1.2573 with a standard deviation of 0.43803. From the results, it was established that procurement method greatly contributes to the performance of the organization which had a mean of 4.2863 with a standard deviation of 0.76715 and it was believed that the procurement methods used to acquire goods can affect performance had a mean of 1.2573 with a standard deviation of 0.43803. The researcher conducted multiple regressions to determine the effects of variables (effects of procurement plan implementation practices on performance of County Governments).

**Table 1: Model summary**

<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>.288&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.083</td>
<td>.063</td>
<td>1.07199</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Resource Allocation, and Procurement Method  
b. Dependent Variable: performance of the county

The regression model was conducted which established the following regression equation:

\[
Y = 1.318 - .181X_1 - .177X_2 + .249X_3 + \epsilon
\]

Where: \( Y = \) performance \( \alpha = \) determines the level of the fitted line, \( \beta = \) slope of the line, \( X_1 = \) Resource allocation, and \( \epsilon = \) a random error term.

**Table 2: Regression Coefficients<sup>a</sup>**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</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>
</tr>
<tr>
<td>(Constant)</td>
<td>1.318</td>
<td>.404</td>
<td></td>
<td>3.261</td>
</tr>
<tr>
<td>1</td>
<td>Resource allocation</td>
<td>-.181</td>
<td>.083</td>
<td>-.142</td>
</tr>
<tr>
<td></td>
<td>Procurement method</td>
<td>-.177</td>
<td>.108</td>
<td>-.107</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Performance of County

Leaving other variables unchanged, procurement plan implementations would result to the performance of the county up to 1.318 statistically significant at .001< at 5%. Using other variable changes would result in this regression equation establish that keeping all factors constant (Resource allocation, and procurement methods while other factors held affecting performance would be varied by implementations.

The study showed that keeping other independent variables at a constant zero, the unit change in resource allocation could cause an effect on procurement plan implementation which can decrease by -.181 statistically significant .030<.05. The findings indicated that holding other independent variable constant at zero 0, an increase in procurement method causes an increase in performance by -.177 which was statistically insignificant .101>.05.
CONCLUSION

The study concluded that the County monitors and audit all the resources allocated by the government towards PP implementation. The county can be well equipped with trained personnel to support procurement plan implementation. The county allocates sufficient financial resources for procurement plan implementation. There was delayed disbursement of funds budgeted thus, delayed implementation. From correlation analysis, it concluded that procurement method and integration of procurement plan implementation was positively and significantly correlated to performance of county government and statistically significant respectively.

RECOMMENDATION

The study recommended that the county to adopt information technology in its day to day operations to support information sharing in procurement method. The county should work well to avoid delayed disbursement of funds budgeted for which often delay implementation. The choice of a procurement method should be guided by the procurement policies. Procurement method should greatly contribute to the performance of the organization.

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