KENYATTA UNIVERSITY

SCHOOL OF HUMANITIES AND SOCIAL SCIENCE

DEPARTMENT OF PUBLIC POLICY AND ADMINISTRATION

PUBLIC PROCUREMENT PRACTICES: POLICY IMPLICATIONS AND SERVICE DELIVERY IN SELECTED MINISTRIES HEADQUARTERS IN NAIROBI COUNTY, KENYA.

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C154/CTY/PT/24416/2010

A Research Project Submitted to the School of Humanities and Social Science in Partial Fulfilment for the Award of Degree in Executive Masters of Public Policy and Administration of Kenyatta University

DECEMBER, 2014
DECLARATION

This project is my original work and has not been presented for a degree in any other university.

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DEDICATION

I would like to dedicate this project to my parents whose love for education encouraged and saw me through the educational system to university level. They inculcated in me positive values of hard work, resilience and persistence.

I would also wish to dedicate this research project to my beloved family members especially my wife Irene and children. Their prayers and support was a great encouragement to me in the entire research process.
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I would also like to thank the librarians at the Kenyatta University Library for their support with the books used for literature review and other valuable information that they provided to aid in the completion of this project.

Above all, I thank God Almighty for taking me through my studies and the research work so far.
ABSTRACT

Public procurement is an important component of the government ministries since about sixty percent of government revenue is spent on procurement. It is estimated that public procurement amounts to about 10% of the country’s Gross Domestic Product (GDP). Since its enactment, Public Procurement Law has made procurement process bureaucratic leading to delays in procuring inputs required for effective service delivery, postponements of some crucial programmes and cancellation among others. In Africa and Kenya in particular, misuse of Public Procurement processes remains a key obstacle to quality and timely service delivery in most government ministries. This study sought to assess the public procurement practices, policy implications and service delivery in Kenyan Government Ministries. The study employed explanatory survey design since it target to explore the causal- effects phenomenon within the public procurement. Further, the study was conducted in the procurement departments of the selected government ministries in Kenya. The target population consisted of all the 150 employees working in the procurement departments of the selected ministries in Kenya. Five ministries representing 30% of all the ministries were sampled using simple random method. The main instrument for data collection was a questionnaire which contained both closed and open ended questions. Analysis was done with the aid of the statistical package for social sciences (SPSS) package. Key statistical techniques included descriptive statistics such as; percentages, frequencies, mean scores, standard deviation as well as the inferential statistics such as ANOVA and Multiple Linear Regression analysis. The data was presented using tables, pie-charts and bar graphs. The findings show that collusion of suppliers and procurement officers led to increased commodity pricing, tax payers’ money was wasted due to procurement malpractices, collusion with suppliers led to delays in timely procurement as well as procurement of substandard goods and services within the Ministries. The study recommends that stiffer penalties be imposed on procurement officials found engaging in procurement malpractices in the Ministries. In addition, strict adherence to Public Procurement and Disposal Act is crucial if effectiveness in service delivery is to be achieved.
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<tbody>
<tr>
<td>ADB</td>
<td>African Development Bank</td>
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<tr>
<td>CID</td>
<td>Criminal Investigation Department</td>
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<td>CA</td>
<td>Contracting Authority</td>
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<td>DETR</td>
<td>Department of Employment, Training and Rehabilitation</td>
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<td>DVAC</td>
<td>Directorate for Vigilance and Anti-corruption</td>
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<td>EU</td>
<td>European Union</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>IPO</td>
<td>Initial public offering</td>
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<td>KAF</td>
<td>Kenya Air Force</td>
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<td>KNCHR</td>
<td>Kenya National Commission on Human Rights</td>
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<td>NPM</td>
<td>New Public Management</td>
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<td>OECD</td>
<td>Economic Co-operation and Development</td>
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<td>PP</td>
<td>Procurement Procedures</td>
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<td>TI</td>
<td>Transparency International</td>
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<td>UK</td>
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**OPERATIONAL DEFINITION OF TERMS**

<table>
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<tr>
<th>Term</th>
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<tr>
<td><strong>Public procurement:</strong></td>
<td>Refers to the purchasing of goods and/or services from an outside body by a public agency.</td>
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<td><strong>Public procurement malpractices:</strong></td>
<td>Refers to the misuse of public office during purchasing of goods and/or services for personal gain.</td>
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<td><strong>Inputs acquisition:</strong></td>
<td>Refers to the procurement of goods and/or services from an external body/agency either for ministry use or to aid in the achievement of the ministry objectives.</td>
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<td><strong>Public service:</strong></td>
<td>Refers to government employment especially within the civil service.</td>
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<td><strong>Service Delivery:</strong></td>
<td>Provision of government services to the members of the public.</td>
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<td><strong>Ministry:</strong></td>
<td>Refers to a government department headed by a Cabinet Secretary with the principal Secretary as the Accounting officer.</td>
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<td><strong>Procurement procedures:</strong></td>
<td>The process that is followed when government departments buy goods or services.</td>
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<tr>
<td><strong>Bid rigging:</strong></td>
<td>A scheme in which businesses collude so that a competing business can secure a contract for goods or services at a pre-determined price. Bid rigging stifles free-market competition, as the rigged price will be unfairly high.</td>
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CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

About sixty percent of government revenue is spent on procurement. It is also estimated that public procurement amounts to about 10% of the country’s Gross Domestic Product (GDP). This makes public procurement an important component of the development activities of government ministries. Worldwide public procurement represented over 80% of world merchandise and commercial services exports in 2008 (OECD, 2010). According to European Union report (2012), Public procurement in the European Union amounted to about British €1500 billion in 2011. This included the purchase of goods, services and public works by governments and public utilities. The public sector in any country exists to offer effective and efficient public services like health, education, water, defence and public infrastructure, among others. Through public procurement, governments undertake public works, build roads, healthcare and education. Public procurement or Government procurement is increasingly recognized as essential in the delivery of services in all the economies. This procurement, usually in the context of developing countries, takes place at the central and local government levels, as many of the countries have decentralized service delivery since the 1990s (Kaufmann et al., 2005).

Misuse of Public procurement process has been a problem both in developed and developing countries. For example, a study by Trionfetti (2009) in the United Kingdom shown that public procurement regarding telecommunications and power has been particularly subjected to allegations of corruption over the past few years,
and several government employees and public figures have been indicted or convicted. This led to inadequate power rationing and low development in the telecommunication networks resulting to poor service delivery. Another example is in India where Public procurement and contracting awarding was been marred by major corruption scandals involving high-level politicians in 2009. The chairman of the state-controlled Ordinance Factory Board was arrested for taking bribes in exchange for military contracts. This scandal resulted in blacklisting of 7 major Indian and international arms dealers (TI, 2010).

In Africa, inefficiencies in public procurement remain a major obstacle to political and economic development and a major cause of low service delivery, insecurity and low quality health services. For example, in Nigerian, public procurement has been known to be unprofessional, inefficient and ineffective; as it was based on Treasury Circulars of 1958, which provided only guidelines on public expenditure management. The guidelines of these circulars on public procurement practice were grossly inadequate and created rooms for malpractices and high level corruption in contract management (Davis, 2007). However, Nigeria has now enacted the Public Procurement Act, 2007 which is helping to streamline the procurement process.

In East African, like other developing countries, public procurement has been largely inefficient constraining timely delivery of inputs resulting to inferior service delivery. For example in Uganda, public procurement has been characterised by networks of strategically placed public officials who collude to embezzle public funds with impunity called Syndicate corruption. In addition, public officials deliberately delay to plan in time in order to create a crisis and stampede the procurement process a
system referred to as Management by Crisis (Integrity Survey Report, 2009). In addition, Integrity Survey Report further reveal that the demand for, and payment of, bribes has changed from covert to overt actions. Public officials are openly asking for bribes in exchange for services while the clients are openly paying without complaining. This means that clients who fail to offer bribes to the public officials may not get the services they require. All these malpractices compromise the effective service delivery to citizen.

In Kenya, inefficiency in public procurement remains one of the most pervasive and the least confronted vices within government ministries and other public institutions (Lui, 2005). Some of the outcomes of public procurement malpractices involved a Sh360 million helicopter servicing contract in South Africa. Military officers had argued that the contract was too extravagant and servicing the helicopters could be done locally. Kenya Air Force (KAF) went ahead to spend Sh108 million as a down payment for servicing the Puma helicopters, whose tail number is logged as 418 at Denel Aviation, a South African firm (Toye & Moore, 2004). Another scandal was in 2003 where the military was split over plans to buy new Czech fighter jets. The plan to buy the jet fighters would have cost taxpayers Sh12.3 billion. Further, a Sh4.1 billion Navy ship deal. A Navy project was given to Euromarine, the tender awarded in a process that has been criticised as irregular (Thai, 2001). The tender was worth Sh4.1 billion. Military analysts say a similar vessel could have been built for Sh1.8 billion (Transparency International, 2010).

Another misuse of public procurement process resulted in what is called the Anglo Leasing Scandal, also known as Anglo-fleecing. The scandal is alleged to have started when the Kenyan government wanted to replace its passport printing system, in the
year 1997, but came to light after revelation by a government officer, in 2002. In January 2006, the new revelations indicate that Anglo Leasing Finance was just one of a plethora of phantom entities, including some UK companies, used to perpetrate fraud on the Kenyan taxpayer through non-delivery of goods and services and massive overpricing (Transparency International, 2010).

Another misuse of public procurement process was in the year 2009 when Triton Oil scandal involved the unauthorized releasing of oil by Kenya Pipeline Company (KPC) without informing financiers. The scandal became public in January, 2009. The company collapsed shortly afterward, withdrawing the oil and selling it to the market (Transparency International, 2010). All these are examples of grand misuse of public procurement processes which have had serious negative impacts on the overall service delivery within the government ministries. This study therefore sought to investigate the public procurement practices, policy implications and service delivery in selected government ministries.

1.2 Statement of the Problem

Efficient public procurement plays an indispensable role in procurement process since it enhances the quality of service delivery to citizen. On the other hand, misuse of public procurement process denies citizens quality services since it’s diverts public resources into private hands (Transparency International, 2010). According to Mwiti (2010), public procurement framework in Kenya has been characterized by an unstable tension between the public expectations of transparency, accountability, efficiency and effectiveness of resource management.

According to GoK (2010), many reforms have been introduced in government ministries to improve on service delivery such as introduction of Public Procurement
and Disposal Act 2005 and its subsequent operationalization of the 2006. Despite, these efforts by the government, the public procurement in most government ministries have over the years been characterized by procurement malpractices which have constrained critical service delivery in most government ministries. Public Procurement process has been plagued with corruption, misallocation of resources, ineffective service delivery, bureaucracy, and lack of full respect to the rule of law (OECD, 2012). This has resulted to inefficiency, lack of accountability and transparency in procurement systems leading to delays, exaggerated prices and overall poor service delivery.

Several research studies have been conducted on public procurement, such as; Rwoti (2005) whose study addressed procurement performance measurement systems in large manufacturing companies in Nairobi while Obiero (2008) did a study on the challenges in the implementation of the procurement and disposal Act of 2005 on the Kenyan Ministry of Higher Education, Science and Technology. There other study was done by Kiburi (2008) which addressed the factors influencing the implementation of e-procurement among firms listed on the Nairobi Stock Exchange. However, these studies did not address issues on public procurement practices, policy implications and services delivery in Kenyan Government Ministries. This poses a knowledge gap which this study sought to fill.
1.3 Objectives of the Study

1.3.1 The broad Objective of the Study
The general objective of the study was to assess the public procurement practices, policy implications and service delivery in Kenyan Government Ministries.

1.3.2 The Specific Objectives of the Study

i. To determine the effects of supplier-procurement officers’ relations on service delivery in Kenyan government ministries.

ii. To establish how E-procurement influence service delivery in Kenyan government ministries.

iii. To assess the effects of Control Systems on service delivery in Kenyan government ministries.

1.4 Research Questions

i. How does supplier-procurement officers’ relation affect service delivery in Kenyan government ministries?

ii. How does E-procurement influence service delivery in Kenyan government ministries?

iii. What are the effects of Control Systems on service delivery in Kenyan government ministries?
1.5 Assumptions of the Study

The following were the basic assumptions of the study:

i) The supplier-procurement officers’ relations affect service delivery in Kenyan government ministries.

ii) E-procurement influences service delivery in Kenyan government ministries.

iii) The Control Systems in place cuts on wastage in the government ministries.

1.6 Significance of the Study

The study will be useful to the following:

1.6.1 The Ministries

The senior officials in the ministries such as the Cabinet Secretaries and principal secretaries may find the results of this study important as a source of information on what strategies to apply to improve public procurement systems in government ministries.

1.6.2 Policy Makers

The government institutions involved in policy making may obtain knowledge on dynamics of public procurement malpractices and come up with appropriate and specific policies to eradicate the vice in the ministries; they may therefore obtain guidance from this study in designing appropriate policies that can help in eradicating public procurement malpractices in the public sector as a whole.
1.6.3 Scholars

The study provides information to potential and current scholars on public procurement and input acquisitions and may use this study as part of their reference work.

1.7 Scope of the Study

This study was based on selected government ministries in Kenya. The study focused on staff working in the procurement departments of the ministries. The study sampled ministries randomly to avoid bias.

1.8 Limitations of the Study

The researcher encountered a problem of concealment of information from the respondents since they were unwilling to divulge information due to its sensitivity and confidentiality. To counter this limitation, the researcher assured the respondents of confidentiality of the collected data and also indicated that the results were to be used for academic purposes only.
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents a detailed review of literature as presented by various authors and scholars in relation to the theme of the study. Key sections of the chapter include; theoretical literature, empirical literature, global perspective on public procurement, suppliers relationships in public procurement, e-procurement in public procurement, control systems in public procurement, summary of the review and research gaps, conceptual framework, summary and research gaps.

2.2 Theoretical Literature

This study was guided by the Ethics-Based Theory.

2.2.1 Ethics-Based Theory

The ethics-based theory advocates for self regulation by the agencies involved in service delivery. Ackermann (2007) argues that organisations have two types of obligations to refrain from. First, organisations have an obligation to maintain market efficiency. Misuse of procurement process undermines market efficiency and leaves the entire market system open to charges of immorality and illegitimacy (Bolton, 2006). Second, organisations are dependent for their success not only on the existence of a functioning market system but also on a state that facilitates market activity and maintains order and stability. Therefore, organisations have an obligation not to undermine the legitimacy of the state by indulging in unethical practices (Callender & Matthews, 2000). Ethics theories have influenced the creation of instruments like codes of conduct, integrity pacts, and self-regulation rules in many organisations.
2.3 Empirical Literature

2.3.1 Global Perspective on Public Procurement

Public procurement is the principal means through which governments meet developmental needs such as the provision of physical infrastructure and the supply of essential service (Vinod, 2002). Many governments over the world use public procurement to support the development of domestic industries overcome regional economic imbalances, and support minority or disadvantaged communities. Estimates suggest that between 8 and 25 per cent of the gross domestic product (GDP) of Organisation for Economic Co-operation and Development (OECD) countries and 16 per cent of European Union (EU) GDP being attributable to public procurement by the governments (Afonso et al., 2005; OECD, 2009). However, Public procurement is often an extremely controversial subject matter because the deployment of the public procurement system to pursue the developmental goals entails governmental exercise of enormous discretion. This is especially the case in developing countries where “the ability to exercise discretion in the award of government contracts has been a source of valued political patronage” and procurement has been “a means for the illicit transfer of funds from governmental to private hands.” Government tenders and contracts are sometimes awarded on the bases of business organizations that support certain regimes rather than on the basis of their qualifications and more often to raise funds for political campaigns (Patrick, 2003).

According to Transparency International report (2003), 133 countries were ranked below 70 per cent median score in corruption index, and 90 per cent of all developing countries in the sample score less than the median score. But pervasive corruption is shown to be a frequent characteristic of both rich and poor countries (TI, 2003). It is
now widely accepted that corruption has great cost for economic development. Across
countries, there is strong evidence that higher levels of corruption are associated with
lower growth and lower levels of per capita income (Kaufmann et al., 2005).

Studies have shown that public procurement malpractices are rampant both in
developed and developing countries. A study by Brammer (2009) on sustainable
procurement in the United Kingdom public sector revealed a significant variation
across public sector agencies in the nature of sustainable procurement practice. Local
authorities have a particularly strong emphasis on buying from local and small
suppliers relative to other sectors, health looks generally lower in many categories,
and education appears to have something of an emphasis on environmental aspects of
sustainable procurement. Another study by Raymond (2008) on benchmarking in
public procurement in Sri-Lanka explored on the difficulties faced by public sector
employees in separating the daily business of government from the political
influences of its elected leaders. The study revealed that reform solutions within
government procurement systems must include measures that address issues of
accountability, transparency, value for money, a professional work force and ethics.

In most African countries including Kenya, public procurement has been
characterized by conflict of interest, bribery, embezzlement, kickbacks, tender
manipulation and fraud. A study by Osei-Tutu, Badu & Owusu-Manu (2010) explored
malpractices in public procurement of infrastructural projects in Ghana and revealed
that conflict of interest, bribery, embezzlement, kickbacks, tender manipulation and
fraud are observed corruption practices in the Ghanaian infrastructure projects
delivery system. The severity of corruption practices has intensified the search for
more innovative means of delivering infrastructure projects that will achieve value for
money. In the pursuit to control corruption practices, this would require constitution of a sound procurement system and pro-social equity policies that would foster good governance, corporate social responsibility, transparency, accountability, judicious public expenditure and national progress.

According to Ngugi (2012), there are four major strategies that can be employed in curbing procurement fraud and corruption including provision of incentives and sanctions, political commitment, competitive bidding and raising public awareness. In addition, competitive bidding contributed more to the curbing of public procurement fraud and corruption in Kenya followed by provision of incentives and sanctions. According to Baily et al (2005), a well known statement of objectives of Procurement is to acquire the right quality of material, at the right time, at the right price, in the right quantity, from the right source, at the right price. If all the five rights are in place, public entities score highly on service delivery and expenditure control.

2.3.2 Supplier-Procurement Officers’ relations in Public Procurement

Vigorous competition among suppliers helps governments to obtain the best value for money for the goods and services they procure. Conversely, when competition is curtailed – for example when suppliers and procurement officers engage in procurement malpractices, taxpayers’ money is wasted as governments pay more than a fair price (OECD, 2012).

During normal execution of official duties, public procurement practitioners find themselves in a position to be influenced or appear to be influenced by the suppliers or personal interest leading them to gaining personal advantage or to avoid a personal disadvantage (Baily et al, 2005). Potential conflict of interest exists when their
personal or private interests puts them in a position where they could be influenced. Their personal or private interest threatens to compromise their public duty as procurement practitioners (Klitgaard, Maclean-Abaroa & Parris, 2000).

Public procurement is often a large part of a nation’s economy (Kaufmann & Wei, 2000). According to OECD (2012) report, in many OECD countries, Public procurement amounts to 15 per cent of the gross domestic product, and in most developing countries it is substantially more than this.

Abuse of public procurement can last for decades and this negatively affects many markets. The United States Department of Justice, for example, found that more than 18 states were impacted by conspiracies to raise the price of milk sold to public schools (OECD, 2012). The Netherlands’ government uncovered evidence that more than 600 firms had rigged bids in public construction projects (Gelderman, Ghijsen & Brugman, 2006). These abuses of public procurement processes have had negative effects on the countries economy.

According to Baily et al (2005), there are two main types of suppliers’ conspiracies in public procurement. These include; Subcontract and complementary bidding. Subcontract bidding occurs where some of the conspirators agree not to submit bids, or to submit cover bids that are intended not to be successful, on the condition that some parts of the successful bidder’s contract will be subcontracted to them. In this way, they "share the spoils" among themselves. Bid suppression occurs where some of the conspirators agree not to submit a bid so that another conspirator can win the contract. On the other hand, complementary bidding, also known as cover bidding or courtesy bidding, occurs where some of the bidders bid an amount knowing that it is too high or contains conditions that they know to be unacceptable to
the agency calling for the bids. Complementary bidding, however, is not always a corrupt practice. A contractor that is too busy to complete the work will often place a high bid simply to maintain a relationship with government agencies (Edquist, Hommen & Tsipouri, 2000).

According to Paldam (2002), collusion of suppliers with Procurement Officers has the potential of influencing procurement of substandard goods or services which ultimately compromise effective service delivery. Owino (2008) emphasises the need to effect timely payments to suppliers and practice supplier relationship management as well as eliminate the many bureaucratic procedures involved in public procurement processes. This plays a crucial role in eliminating collusion of suppliers with Procurement Officers. In addition, Klaus, Bernd & Elke (2002) advises that all public officers involved in procurement must be alert to situations which may lead to actual, potential or perceived compromise of their work ethics and ensure that sufficient safeguards are in place to avoid such situations from arising.

2.3.3 E-procurement in Public Procurement

Public procurement via the internet has been adopted by an increasing number of countries in recent years. E-Procurement increases transparency, efficiency and lowers costs. It also increases competition by simplifying providing access to information and to the bidding process. Reduced personal contact between public procurement officials and bidders also contributes to preventing corrupt behavior (OECD, 2012).
Policy makers can respond to risks of corruption in general by ensuring a good public procurement system. A good public procurement system that can effectively prevent corruption needs to be transparent and provide for accountability and integrity. The system should also confirm to and cover various procedures, laws and processes put in place for detecting and preventing corruption (Klitgaard, Maclean-Abaroa & Parris, 2000).

The public procurement practitioners have the responsibility to always serve the public interest in the performance of their duties. It is the responsibility of all public officers to ensure the integrity and impartiality of the Government’s procurement process (Klaus, Bernd & Elke, 2002). One form of Collusion is manifested when state-appointed bureaucrats exploit their powers of discretion, delegated to them by the government, to assist another party to further their own interests by extorting bribes and other illicit favors (Blackburn, Bose & Haque 2006). The use of E-procurement can play a major role in curbing most of the inefficiencies seen in public procurement.

According to Owino (2008), there is an urgent need to adopt E- public procurement system, computerize all the Public Procurement process to ensure speeding up public procurement of goods and services which ultimately improves service delivery within government ministries.

2.3.4 Control Systems in Public Procurement

Control systems play an important role in enhancing the accountability and transparency of public procurement system and hence in detecting and preventing corruption. They should include adequate independent internal and external control
and audit with a clear coordination of all control mechanisms (Odhiambo & Kamau, 2003).

Lack of control systems in procurement result in abuse of authority and office by public officials for personal gains (Blackburn, Bose & Haque 2006). When public officer abuse Procurement Funds, the procurement department is left with no funds to run their day to day activities. This can lead to backlog of work due to lack of necessary input to perform critical tasks. According to Karanja (2009) lack of proper control systems in public procurement leads to embezzlement of Procurement Funds which ultimately leads to inefficiency in service delivery. Paldam (2002) argue that there is evidence that embezzlement of Procurement Funds influences, various aspects of economic performance of an institution.

According to OECD (2012), internal control comprises the organizational structure on one side and the verification of the procurement process on the other. Control mechanisms can include internal audits, financial risk analysis, management control systems and performance audit and external financial audits.

2.4 Summary of the Review and Research Gaps

The chapter has shown that Public procurement occurs when a public agency purchases goods and/or services from an outside body. In addition, the chapter has shown that misuse of Public procurement process involve the abuse of public procurement powers for private gain. The chapter has further shown that the complex system of selection and contract award criteria put forward by the procuring entities coupled exposes the procurement process to abuse by greedy procurement officers.
who use their positions for selfish gain which in turn compromise the quality of the services offered to the citizen.

Several research studies have been conducted on public procurement. For example, a study by Osei-Tutu, Badu & Owusu-Manu, (2010) explored corruption practices in public procurement of infrastructural projects in Ghana while Brammer (2011) conducted a study on sustainable procurement in the public sector: an international comparative study. A study by Brammer (2009) investigated the sustainable procurement in the United Kingdom public sector while Raymond (2008) assessed benchmarking in public procurement. In Kenya, Rwoti (2005) conducted a survey on procurement performance measurement systems in large manufacturing companies in Nairobi while Kamiti (2011) investigated the effects of corruption on development in Kenya. Other studies in public procurement were done by Odhiambo & Kamau, (2003) on public procurement: lessons from Kenya, Tanzania and Uganda, Obiero (2008) on the challenges in the implementation of the 2005 procurement act on the Kenyan Ministry of Higher Education, Science and Technology while Kiburi (2008) conducted a study on the factors influencing the implementation of e-procurement among firms listed on the Nairobi Stock Exchange. All these studies failed to assess the public procurement practices, policy implications and service delivery in Kenyan government ministries. This poses a knowledge gap which this study sought to fill.

2.5 Conceptual Framework

This study sought to analyze the public procurement practices, policy implications and service delivery in Kenyan government ministries. The independent variables for this study was supplier-procurement officers’ relations, E-procurement and control systems. The dependent variable was service delivery in government ministries.
As shown in Figure 2.1, this study sought to assess the relationship among the study variables shown in the conceptual framework model. The independent variables for this study comprised of; supplier-procurement officers’ relations, E-procurement and control systems which have a relationship with the dependent variable, that is, service delivery in government ministries. The dependent variable (service delivery) was measured using various indicators which included: Client satisfaction, complaints levels, quality of services and timely services. Policy Implications was intervening variable that helped to complete the relationship between the independent and dependent variables.
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents various research approaches that were followed in completing the study. It involves a blueprint for the collection, measurement and analysis of data. Specifically, the following subsections were included; research design, target population, description of research instruments, sampling design, data collection instruments, data collection procedures and finally data analysis.

3.2 Research Design

Orodho (2003) asserts that a research design is a plan of all the conditions and elements for the collection and analysis of data in an objective manner that is in line with the research aims. It provides a framework within which research is done. This study employed explanatory survey design. This design was appropriate since the study sought to explore the causal-effect phenomenon within the public procurement. The field survey implies the process of gaining insight into the general picture of a situation, without utilizing the entire population (Kothari, 2004). The research aims at establishing the effects of public procurement practices, policy implication and service delivery in selected government ministries in Kenya.

3.3 Location of the Study

The study was based in Nairobi City County, Kenya. It focused on the procurement department of the selected government ministries in Kenya. Due to the sensitive nature of the study, anonymity of the respondents and assurance of total
confidentiality was guaranteed to the respondents to ensure they provide accurate information during field work.

3.4 Target Population

Target population refers to all the members of a real or hypothetical set of people, events or subjects to which a researcher wishes to generalize the results of the study (Ngechu, 2004). The target population of this study included the 150 procurement officers of the selected five government ministries. The procurement officers were chosen because they are well conversant with the subject matter of the study.

3.5 Sampling Procedure and Sample Size

Mugenda & Mugenda (2003) defines sampling as the process of selecting a number of individuals for a study in such a way that the individual selected is representative of the larger group from which they are selected. Cooper & Schindler (2007) argues that sampling is the process of selecting a sufficient number of elements from the population, so that the study of the sample and an understanding of its properties or characteristics would make it possible for one to generalize such properties or characteristics to the population elements.

From the population frame, the required number of respondents, elements or firms were selected in order to make a sample. Currently, there are a total of 18 government ministries in Kenya. Since, the procurement department has few staffs, a total of 5 ministries representing 30% were sampled randomly. The five ministries have a population of 150 procurement staff. According to Mugenda and Mugenda (2003), at least 10% of the target population is considered an appropriate sample but the higher the sample size, the higher the reliability of the results. Therefore, 45 respondents
representing 30% of 150 were sampled as the sample size of the study (that is, 9 respondents from each of the five sampled ministry).

3.6 Research Instruments

The main instrument for data collection was a questionnaire which contained both closed and open ended questions. Closed ended questions allowed for uniformity of responses to questions. The questionnaire is a fast way of obtaining data as compared to other instruments (Mugenda & Mugenda, 2003). Questionnaires gives the researcher comprehensive data on a wide range of issues. Its also allows greater uniformity in the way questions are asked, ensuring greater compatibility in the responses. A five point non-comparative Likert scale was used for the structured questions, the intent of the Likert is that the statement represents different aspects of the same attitude. Likert scale is simple to construct, and easy for the respondents to read, understand and respond appropriately to the statements put across. The Likert scale also enhanced the production of highly accurate results during analysis.

3.7 Validity and Reliability

Validity and reliability are important components of the research process and have to be ensured through the adoption of the correct procedures in administering the instruments.

3.7.1 Validity of the Instrument

In this study, during the questionnaire’s construction, quality control and validity was ensured through: face validity, where the instrument was subjected to experts to check whether it measures what it was intended to measure; content validity, where the instrument was designed according to the study variables and their respective
indicators of measurement. It was ensured that each question was appropriate for a particular variable. Construct validity was maintained through restricting the questions to the conceptualizations of the variables and ensuring that the indicators of a particular variable fall within the same construct.

3.7.2 Reliability of the Instrument

According to Mugenda & Mugenda (2003), in a research study, the reliability coefficient can be computed to indicate how reliable data are. A coefficient of 0.70 or more implies that there is a high degree of data reliability (Mugenda & Mugenda, 2003). Sometimes, a researcher may get away with using less reliable data if the sample size is very big or the variables under study differ greatly among the subjects. But where the sample size and variations among the subjects are small, a highly reliable data set is required to reveal the magnitude of these variations.

3.8 Data Collection Procedure

Before initiation of the actual field work, an introductory letter from the Kenyatta University was obtained to enable the researcher to administer questionnaires to the target population. The researcher then approached the permanent secretaries in the sampled ministries to seek authority to conduct the study. The questionnaires were delivered to the respondents to fill. The questionnaires were administered during the official working hours for all the respondents using drop and pick method. This was necessary to increase the response rate. The data collection process took three weeks since all the targeted procurement departments were within Nairobi.
3.9 Data Analysis

Once the data was collected it was checked for completeness ready for analysis. The data from the field was first coded according to the themes researched on the study. Analysis was done with the aid of the Statistical Package for Social Sciences (SPSS) package version 18. Both qualitative and quantitative techniques were applied. Qualitative data from open-ended questions was analysed using content analysis techniques. Quantitatively, both descriptive statistics such as, percentages, frequencies, mean scores, standard deviation as well as inferential statistics such as Analysis of Variance (ANOVA) and Multiple Linear Regression Analysis were employed. The use of Multiple Regression Analysis helped in determining the relationship between the independent and the dependent variables. The regression equation to be applied was as follows;

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon \]

Where;

- \( Y \): Service delivery in Kenyan government ministries
- \( \beta_0 \): Constant Term
- \( \beta_1, \beta_2, \text{ and } \beta_3 \): Beta coefficients
- \( X_1 \): Suppliers' relationships
- \( X_2 \): E-procurement
- \( X_3 \): Control systems
- \( \varepsilon \): Error term

The findings were presented using tables, charts and figures. Qualitative data from open-ended questions was presented in narrative/prose form.
CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

4.1 Introduction

This study sought to assess the public procurement practices, policy implications and service delivery in Kenyan Government Ministries. This chapter contains data analysis, results and the interpretations. The analysis was done using SPSS (Version 18). Forty five employees from selected government ministries were sampled. The study achieved 100% response rate since all administered questionnaires were all received back fully filled. The findings are presented in frequency tables, percentages, pie charts and bar graphs. The results were presented below:

4.2 Demographic Information

Table 4.1 shows the distribution of the respondents sampled in selected Government ministries. The table shows majority of the respondents (60%) were male while 40% were female. The findings show that most of the respondents (44.4%) were in the age category of 31 to 40 years. The findings further show that most respondents (42.2%) had worked for 1 to 3 years in their respective department. This information is shown in Table 4.1.
Table 4.1: Demographic Information

<table>
<thead>
<tr>
<th>Demographic Information</th>
<th>Frequency (n)</th>
<th>Percentages (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>27</td>
<td>60.0</td>
</tr>
<tr>
<td>Female</td>
<td>18</td>
<td>40.0</td>
</tr>
<tr>
<td>Age categories</td>
<td></td>
<td></td>
</tr>
<tr>
<td>21-30 years</td>
<td>15</td>
<td>33.3</td>
</tr>
<tr>
<td>31-40 years</td>
<td>20</td>
<td>44.4</td>
</tr>
<tr>
<td>41-50 years</td>
<td>8</td>
<td>17.8</td>
</tr>
<tr>
<td>Above 50 years</td>
<td>2</td>
<td>4.4</td>
</tr>
<tr>
<td>Duration of working in procurement department</td>
<td></td>
<td></td>
</tr>
<tr>
<td>less than a year</td>
<td>7</td>
<td>15.6</td>
</tr>
<tr>
<td>1-3 years</td>
<td>19</td>
<td>42.2</td>
</tr>
<tr>
<td>4-6 years</td>
<td>6</td>
<td>13.3</td>
</tr>
<tr>
<td>Above 6 years</td>
<td>13</td>
<td>28.9</td>
</tr>
<tr>
<td>Overall Total (N)</td>
<td>45</td>
<td>100.0</td>
</tr>
</tbody>
</table>

(Source: Field Data, 2014)

4.3 Suppliers’ Relationships

The first specific objectives sought to establish the effects of supplier-procurement officers’ relations on the service delivery in Kenyan government ministries.
4.3.1 Supplier-Procurement Officers’ Relations

The respondents were presented with various statements and were expected to rate the extent to which they agreed or disagreed with the listed statements regarding service delivery in the ministry. A five point likert scale comprising of strongly disagree, disagree, not sure, agree and strongly agree was used and the findings presented in Table 4.2.

Table 4.2: Relations with the Suppliers

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Not sure</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>There is vigorous competition among suppliers</td>
<td>8.9</td>
<td>6.7</td>
<td>4.4</td>
<td>48.9</td>
<td>31.1</td>
</tr>
<tr>
<td>Collusion of Suppliers and procurement officers leads to increased</td>
<td>13.3</td>
<td>17.8</td>
<td>13.3</td>
<td>40.0</td>
<td>15.6</td>
</tr>
<tr>
<td>commodity pricing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax payers money is wasted due to procurement malpractices</td>
<td>11.1</td>
<td>15.6</td>
<td>11.1</td>
<td>44.4</td>
<td>17.8</td>
</tr>
<tr>
<td>Public procurement is always influenced by suppliers</td>
<td>17.8</td>
<td>37.8</td>
<td>22.2</td>
<td>20.0</td>
<td>2.2</td>
</tr>
<tr>
<td>Collusion with suppliers delays timely procurement</td>
<td>11.1</td>
<td>28.9</td>
<td>13.3</td>
<td>35.6</td>
<td>11.1</td>
</tr>
<tr>
<td>Collusion with suppliers results in procurement of substandard goods and</td>
<td>15.6</td>
<td>24.4</td>
<td>8.9</td>
<td>33.3</td>
<td>17.8</td>
</tr>
<tr>
<td>services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(Source: Field Data, 2014)
The findings show that most respondents agreed that there was vigorous competition among suppliers, collusion of suppliers and procurement officers leads to increased commodity pricing, tax payers money is wasted due to procurement malpractices, collusion with suppliers delays timely procurement and collusion with suppliers results in procurement of substandard goods and services as accounted by 48.9%, 40.0%, 44.4%, 35.6% and 33.3% respectively. In addition, the findings show that most respondents disagreed that public procurement is always influenced by suppliers as accounted by 37.8% as in Table 4.2. This shows that collusion of suppliers and procurement officers leads to increased commodity pricing, tax payers money is wasted due to procurement malpractices, collusion with suppliers delays timely procurement and collusion with suppliers results in procurement of substandard goods and services within the ministries. These findings agree with Paldam (2002) who established that the collusion of suppliers with Procurement Officers has the potential of influencing procurement of substandard goods or services which ultimately compromise effective service delivery. In addition, Owino (2008) emphasises the need to effect timely payments to suppliers and practice supplier relationship management as well as eliminate the many bureaucratic procedures involved in public procurement processes.

4.3.2 Procurement Malpractices in the Ministries

The study sought to establish the procurement malpractices practiced in the target ministries. The mean and standard deviation were computed on each of the malpractice and the results presented in Table 4.3.
Table 4.3: Malpractices in the Procurement Department

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tender/ bid manipulation</td>
<td>45</td>
<td>4.07</td>
<td>1.031</td>
</tr>
<tr>
<td>Conflict</td>
<td>45</td>
<td>4.49</td>
<td>1.254</td>
</tr>
<tr>
<td>Bribery</td>
<td>45</td>
<td>3.44</td>
<td>1.179</td>
</tr>
<tr>
<td>Embezzlement of funds</td>
<td>45</td>
<td>4.33</td>
<td>1.087</td>
</tr>
<tr>
<td>Fraud</td>
<td>45</td>
<td>3.09</td>
<td>1.221</td>
</tr>
</tbody>
</table>

(Source: Field Data, 2014)

The findings in Table 4.3 show that most respondents agree that the following were being practiced in the Ministries; Tender/bid manipulation, conflict and embezzlement of funds as accounted by the following means 4.07, 4.49 and 4.33 respectively. However, most respondents were not sure of bribery and fraud as accounted by means of 3.44 and 3.09 respectively. This shows that tender/ bid manipulation, conflict and embezzlement of funds were the most rampant malpractices in the procurement department of the government ministries.

4.4 E-Procurement

The second objective sought to establish how E-procurement influences service delivery in Kenyan government ministries. To achieve this, the respondents were presented with statements and were required to state their level of agreement with the listed statements. A five point likert scale comprising of strongly disagree, disagree, not sure, agree and strongly agree was used and the findings presented in Table 4.4.
Table 4.4: Influence of E-Procurement on the Service Delivery

<table>
<thead>
<tr>
<th></th>
<th>strongly disagree</th>
<th>Disagree</th>
<th>Not sure</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>E-Procurement increases transparency and efficiency</td>
<td>2.2</td>
<td>6.7</td>
<td>6.7</td>
<td>37.8</td>
<td>46.7</td>
</tr>
<tr>
<td>E-Procurement simplifies procurement process by providing access to information on the bidding process</td>
<td>8.9</td>
<td>4.4</td>
<td>4.4</td>
<td>40.0</td>
<td>42.2</td>
</tr>
<tr>
<td>E-Procurement reduced personal contact between public procurement officials and bidders</td>
<td>8.9</td>
<td>13.3</td>
<td>13.3</td>
<td>17.8</td>
<td>46.7</td>
</tr>
<tr>
<td>E-Procurement contributes to corrupt behavior</td>
<td>48.9</td>
<td>35.6</td>
<td>2.2</td>
<td>6.7</td>
<td>6.7</td>
</tr>
<tr>
<td>E-Procurement lowers costs of procurement</td>
<td>11.1</td>
<td>4.4</td>
<td>22.2</td>
<td>20.0</td>
<td>42.2</td>
</tr>
</tbody>
</table>

(Source: Field Data, 2014)

The findings in Table 4.4 show that majority respondents strongly agreed that; E-Procurement increases transparency and efficiency (46.7%), E-Procurement simplifies procurement process by providing access to information on the bidding process (42.2%), E-Procurement reduced personal contact between public procurement officials and bidders (46.7%) and E-Procurement lowers costs of procurement (42.2%). However, most of the respondents strongly disagreed that E-Procurement contributes to corrupt behavior as accounted by 48.9%. This shows that E-
Procurement increases transparency and efficiency, it simplifies procurement process by providing access to information on the bidding process, it reduces personal contact between public procurement officials and bidders, it lowers costs of procurement and it does not contribute to corrupt behaviors.

4.4.1 Adopted E-procurement in the procurement department

The study sought to establish the extent to which the procurement department had adopted E-procurement system in the ministries.

Figure 4.1: E-Procurement Adoption

(Source: Field Data, 2014)
The findings in Figure 4.1 show that most respondents rated the adoption of E-procurement as moderate as accounted by 44.4%. This shows that most ministries had not fully adopted E-procurement in their procurement department. These findings are consistent to the findings of Owino (2008) who established an urgent need to adopt E-public procurement system, computerize all the Public Procurement process to ensure speeding up of public procurement of goods and services. The findings were also consistent with OECD (2012) that established that E-Procurement increases transparency, efficiency and lowers costs. It also increases competition by providing access to information and to the bidding process. Reduced personal contact between public procurement officials and bidders also contributes to preventing corrupt behavior. However, Klitgaard, Maclean-Abaroa & Parris (2000) advises that a good public procurement system that can effectively prevent corruption needs to be transparent and provide for accountability and integrity. The system should also confirm to and cover various procedures, laws and processes put in place for detecting and preventing corruption.

4.5 Control Systems

The third objective sought to assess the effects of Control Systems on service delivery in Kenyan Government Ministries. To achieve this, the respondents were presented with statements which they were expected to rate their level of agreement. A five point likert scale was used and the findings presented in Table 4.5.
Table 4.5: Effects of Control Systems on Service Delivery

<table>
<thead>
<tr>
<th></th>
<th>Strongly disagree (%)</th>
<th>Disagree (%)</th>
<th>Not sure (%)</th>
<th>Agree (%)</th>
<th>Strongly Agree (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Control systems enhance accountability and transparency</td>
<td>4.4</td>
<td>8.9</td>
<td>4.4</td>
<td>48.9</td>
<td>33.3</td>
</tr>
<tr>
<td>Controls in places cover various Procedures, laws and processes for detecting and preventing corruption</td>
<td>4.4</td>
<td>15.6</td>
<td>11.1</td>
<td>44.4</td>
<td>24.4</td>
</tr>
<tr>
<td>Control systems in place encourages abuse of authority and office by public officials</td>
<td>37.8</td>
<td>28.9</td>
<td>8.9</td>
<td>20.0</td>
<td>4.4</td>
</tr>
<tr>
<td>control systems in place ensure integrity and impartibility</td>
<td>6.7</td>
<td>4.4</td>
<td>8.9</td>
<td>57.8</td>
<td>22.2</td>
</tr>
</tbody>
</table>

(Source: Field Data, 2014)

The findings in Table 4.5 show that most respondents agreed that; Control systems enhance accountability and transparency, Controls in places cover various Procedures, laws and processes for detecting and preventing corruption, control systems in place ensure integrity and impartibility as accounted by 48.9%, 44.4% and 57.8%. However, most of the respondents strongly disagreed that Control systems in place encourages abuse of authority and office by public officials as accounted by 37.8%. This shows that most ministries had control systems in the procurement department that enhanced accountability and transparency, covered various Procedures, laws and processes for detecting and preventing corruption as well as ensuring integrity and impartibility.
4.5.1 Control Systems Present in the Government Ministries

Table 4.6 shows the control systems present in the Ministries according to the respondents.

Table 4.6: Control systems in the Ministries

<table>
<thead>
<tr>
<th></th>
<th>Present (%)</th>
<th>Absent (%)</th>
<th>Not sure or Not Known (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal audits</td>
<td>93.3</td>
<td>2.2</td>
<td>4.4</td>
</tr>
<tr>
<td>Financial risks analysis</td>
<td>75.6</td>
<td>6.7</td>
<td>17.8</td>
</tr>
<tr>
<td>management control systems</td>
<td>82.2</td>
<td>4.4</td>
<td>13.3</td>
</tr>
<tr>
<td>performance audit</td>
<td>88.9</td>
<td>2.2</td>
<td>8.9</td>
</tr>
<tr>
<td>External financial audits</td>
<td>84.4</td>
<td>4.4</td>
<td>11.1</td>
</tr>
</tbody>
</table>

(Source: Field Data, 2014)

Table 4.6 shows that the following control systems were present in the procurement department; internal audits, financial risks analysis, management control systems, performance audit and external financial audits. They control systems were playing an important role of oversight in the procurement department.

4.6 Service Delivery in Kenyan Government Ministries

The study sought to assess the effect of the various variables on the service delivery in Kenyan government ministries. To assess this, a multiple linear regression model was
developed and adopted in the study. However ANOVA Test and Adjusted R squared were computed as the preliminary test for the model as discussed below.

4.6.1 ANOVA Test and Adjusted R Square

ANOVA Test and Adjusted R squared were computed as the preliminary test for multiple linear regression model adopted in the study. These were used to show the model fit and the significance of the regression model adopted in the study. Table 4.7 and 4.8 shows the adjusted R squared and the ANOVA test respectively. Table 4.7 specifically shows the model summary with the adjusted R Square of 0.618. This shows that the model explains 61.8% of the variations within the dependent variable.

The ANOVA test (shown in table 4.8) was used to test the significance of the model and to test the variations within the model. The results of the ANOVA test shown a F-statistic of 4.127 which was statistically significant at 0.05 (p<0.05). This means that the model adopted in the study was significant and could be tested using the multiple linear regression.

Table 4.7: Model Summary

<table>
<thead>
<tr>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>.816(a)</td>
<td>.666</td>
<td>.618</td>
<td>.30274</td>
</tr>
</tbody>
</table>

* a Predictors: (Constant), Control systems, Suppliers Relationships, E-Procurement

(Source: Field Data, 2014)
Table 4.8: ANOVA Test

<table>
<thead>
<tr>
<th></th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F-statistic</th>
<th>Sig. level (P-Value)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>1.135</td>
<td>3</td>
<td>.378</td>
<td>4.127</td>
<td>.012*</td>
</tr>
<tr>
<td>Residual</td>
<td>3.758</td>
<td>41</td>
<td>.092</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>4.892</td>
<td>44</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: Control systems, Suppliers Relationships, E-Procurement
b. Dependent Variable: Service Delivery

(Source: Field Data, 2014)

4.6.2 Multiple Linear Regression Analysis

The study sought to assess the effect of the various independent variables on the dependent variable. To achieve this, a multiple linear regression analysis was performed to test and explain the causal relationships between variables. The multiple linear regression model was composed of both the dependent and independent variables. The dependent variable of the study was Service Delivery while the independent variables were; Suppliers-procurement Officers Relations, E-Procurement and Control systems.

The multiple linear regression model for the study was as follows;
Equation 4.1: A Multiple Linear Regression Model One

\[ Y = \alpha_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \ldots + \beta_n X_n + \varepsilon \]

Where: \( Y \) – Service Delivery (Dependent variable)

\( X_{1-n} \) - independent variables whereby (\( X_1 = \) Suppliers-procurement Officers Relations, \( X_2 = \) E-Procurement, \( X_3 = \) Control systems)

\( \alpha_0 \) - alpha coefficient/constant

\( \beta_{1-n} \) – Regression coefficients

\( \varepsilon \) – error term.

Table 4.9: Multiple Linear Regression Analysis

<table>
<thead>
<tr>
<th></th>
<th>Beta Coefficients</th>
<th>T-statistic</th>
<th>Sig. (P-Value)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>(Constant)</strong></td>
<td></td>
<td>11.175</td>
<td>.000</td>
</tr>
<tr>
<td>Suppliers-procurement Officers Relations</td>
<td>-.436</td>
<td>-2.997</td>
<td>.005*</td>
</tr>
<tr>
<td>E-Procurement</td>
<td>.052</td>
<td>.347</td>
<td>.731</td>
</tr>
<tr>
<td>Control systems</td>
<td>-.181</td>
<td>-1.252</td>
<td>.218</td>
</tr>
</tbody>
</table>

* Dependent Variable: Service Delivery

* * Indicate significance at 0.05 (P-values < 0.05)

(Source: Field Data, 2014)

After computing the values of beta coefficients (shown in Table 4.9), the model for the study will thus appear as follows;

\[ Y = \alpha_0 - 0.436 X_1 + 0.052 X_2 - 0.181 X_3 + \varepsilon \]
Whereby Y is the service delivery (Dependent variable) and $X_1, X_2, & X_3$ are the independent variables. $\varepsilon$ is the error term.

As can be seen in Table 4.9, the significant variables were extracted by applying the T-test to the independent variables at 0.05 (5%) level of significance. The findings show that Suppliers-procurement officers’ relation was statistically significant at 0.05 (5%) level of significance. These findings are consistent with Paldam (2002) who argued that collusion of suppliers with Procurement Officers has the potential of influencing procurement of substandard goods or services which ultimately compromised effective service delivery. Additionally Owino (2008) emphasised the need to effect timely payments to suppliers and practice supplier relationship management as well as eliminate the many bureaucratic procedures involved in public procurement processes to boast service delivery.

The findings further showed that E-Procurement and Control systems were not statistically significant at 5%. These findings are shown in Table 4.9. These findings disagree with the findings of Karanja (2009) who argued that lack of proper control systems in public procurement leads to embezzlement of Procurement Funds which ultimately leads to inefficiency in service delivery. Further, Paldam (2002) concede that embezzlement of Procurement Funds influences, various aspects of economic performance of an institution which affects service delivery.

On the control systems, the findings were not consistent with the findings of Blackburn, Bose and Haque (2006) who established that lack of control systems in procurement result in abuse of authority and office by public officials for personal gains which directly affect service delivery.
The non significant variable was therefore removed from the model since they were found to have no significant effect on the dependent variable. Therefore the new regression model appears as shown below.

\textbf{Equation 4.2: A Multiple Linear Regression Model Two}

\[ Y = a_0 + \beta_1 X_1 + \epsilon \]

Where: $Y$ – Service Delivery (Dependent variable)

$X_1$ - independent variable - Suppliers-procurement Officers Relations

$a_0$ - alpha coefficient/constant

$\beta_1$ - Regression coefficient

$\epsilon$ - error term.

Equation 4.2 shows that suppliers-procurement officers’ relation was statistically significant and affected the service delivery in the Government ministries. E-Procurement and control systems were found to be insignificant. This could be attributed to the fact that E-Procurement and control systems were present in most ministries and were functioning as expected. From this equation, it can be concluded that the service delivery in the procurement department is mainly influenced by relationships between suppliers and procurement officers. These findings agree with the findings of Edquist, Hommen and Tsipouri (2000) that emphasized the need for strong relationships with suppliers. Edquist, Hommen & Tsipouri (2000) study established that when a supplier is too busy to compete for a certain contract he will often place a high bid simply to maintain a relationship with the client and this affects the way the contract will be executed. Therefore, the top management in the ministry
needs to put more effort in addressing issues related to suppliers-procurement officers’ relations since it play a crucial role in the service delivery. Further, OECD (2012) concedes that policy makers can respond to risks of corruption in general by ensuring a good public procurement system. A good public procurement system that can effectively prevent corruption needs to be transparent and provide for accountability and integrity.

4.6.3 Overall Level of Service Delivery in the Department

The respondents rated the overall level of service delivery in the procurement department. The findings are presented in Figure 4.2.

Figure 4.2: Service Delivery Overall

![Bar chart showing the overall level of service delivery.](image)

(Source: Field Data, 2014)

The findings in Figure 4.2 show that more than half of the respondents (53.3%) rated the overall level of service delivery in the procurement department as moderate. High and low cumulative percentage responses accounted for 35.6% and 11.1%
respectively. This shows that the service delivery was relatively average hence the need for intervention measures to boast it to a high score.

These findings are similar to a study by Osei-Tutu, Badu and Owusu-Manu (2010) done in Ghana that showed that poor service delivery in public procurement was attributed to conflict of interest, bribery, embezzlement, kickbacks, tender manipulation and fraud. Similar findings were found by Raymond (2008) who argued that in order to boast the efficiency in public procurement, the reform solutions should focus on issues that address accountability, transparency, value for money, a professional workforce and ethics. Further, Klaus, Bernd & Elke (2002), argue that in order to improve performance and service delivery, it is the responsibility of all public officers to ensure the integrity and impartiality of the Government’s procurement process.
5.1 Introduction

This chapter presents the conclusions and recommendations of the study. The main issues presented in this chapter include; the summary of the findings, conclusions, recommendations and suggestions for further research.

5.2 Summary of the Findings

This study sought to establish the effects of public procurement practices on service delivery in Kenyan Government Ministries. Based on the demographic distribution of the respondents, the findings have shown that majority of the respondents (60%) were male while 40% were female. The findings show that most of the respondents (44.4%) were in the age category of 31 to 40 years.

The first specific objective sought to establish the effects of supplier-procurement officers' relations on service delivery in selected Kenyan government ministries. The findings have shown that collusion of suppliers and procurement officers led to increased commodity pricing, delays and untimely procurement, procurement of substandard goods and services within the ministries. The study established that the procurement malpractices practiced in the procurement department in the target ministries included; tender/ bid manipulation, conflict and embezzlement of funds. These were the most rampant malpractices in the procurement department of the Government Ministries.

The second objective sought to establish how E-procurement influence service delivery in Kenyan government ministries. The findings have shown that E-
Procurement increased transparency and efficiency. It simplified procurement process by providing access to information on the bidding process, it reduced personal contact between public procurement officials and bidders and it lowered costs of procurement. In addition, E-procurement did not contribute to corrupt practices. However, most respondents rated the adoption of E-procurement as moderate which implies that most ministries had not fully adopted E-procurement in their procurement department.

The third objective sought to assess the effects of Control Systems on service delivery in Kenyan government Ministries. The findings revealed that most ministries had control systems in place in the procurement department. The control systems were found to enhance accountability and transparency. Some of the control systems that were presents in the procurement department included; internal audits, financial risks analysis, management control systems, performance audit and external financial audits. The control systems were playing an important role of oversight in the procurement department.

The study adopted a multiple linear regression analysis model to test and explain the casual relationships between variables. The model was assessed using the adjusted R Square which was found to be 0.618. This shows that the model explained 61.8% of the variations within the dependent variable. In addition, the results of the ANOVA test shown a F-statistic which was statistically significant at 0.05 (p<0.05). This means that the model adopted in the study was significant. The significant variables were therefore extracted by applying the t-test to the independent variables at 5% level of significance. The findings showed that Suppliers-procurement Officers Relations was statistically significant while E-Procurement and Control systems were
not statistically significant. This means that the service delivery in the procurement department was mainly influenced by relationships between suppliers and procurement officers'. However, the overall service delivery was found to be relatively average hence the need for interventionist measures to boost it upwards.

5.3 Conclusion

The aim of this study was to assess the effects of public procurement practices on the service delivery in Kenyan Government Ministries in Kenya. Based on the statistical analysis performed, it can be concluded that the supplier-procurement officers’ relations was the most significant variable that influenced service delivery in procurement departments of Kenyan Government Ministries. Collusion of suppliers and procurement officers led to increased commodity pricing, tax payers’ money was wasted due to procurement malpractices, collusion with suppliers also led to delays in timely procurement as well as procurement of substandard goods and services within the ministries. The major procurement malpractices observed in the procurement department in the ministries included; tender/bid manipulation, conflict of interest and embezzlement of funds. These malpractices greatly hindered effective service delivery in the procurement department of the Government Ministries.

E-procurement played a great role in increasing transparency and efficiency in the department. It helped to simplify procurement process by providing online access to information on the bidding process thus reducing personal contact between public procurement officials and bidders and lowering costs of procurement. However, the rate of adoption of E-procurement is moderate in most ministries which implies that most ministries have not fully adopted E-procurement in their procurement department.
Most ministries have control systems in place in the procurement department. The control systems enhanced accountability and transparency; they covered various procedures, laws and processes for detecting and preventing corruption as well as ensuring integrity and impartiality. Some of the control systems present in the procurement department includes; internal audits, financial risks analysis, management control systems, performance audit and external financial audits. The control systems played an important role of oversight in the procurement department.

5.4 Recommendations

The study recommends that stiffer penalties be imposed on procurement officials found engaging in procurement malpractices in the Ministries. Strong corroborations of Government ministries with the relevant stakeholders such as Ethics and Anti-Corruption commission is crucial to ensure immediate action is taken to public procurement law offenders.

The top management need to fast track the roll-out and full adoption of E-procurement system since this was found to be moderately adopted. Full adoption of E-procurement will play a crucial role in curbing down major procurement malpractices in the Ministries.

Top government officers need to set up quality control section that will scrutinize and ensure all procured goods are up to standards. They should ensure there is immediate termination of contracts for suppliers who collude to supply substandard goods and services to the Ministries. In addition, strict adherence to Public procurement and disposal Act is crucial if effectiveness in service delivery is to be achieved.
5.5 Suggestions for Further Research

This study targeted selected government ministries, therefore future studies can be extended to cover other Government owned institutions and state corporations in both central and county Governments for comparison purposes to assess if similar situation apply to these other institutions.

Further studies can also be conducted in private sector to ascertain whether similar situation obtains.
REFERENCES


Dear Respondent:

I am a postgraduate student at Kenyatta University. As part of the course requirement, am conducting a research on: "The public procurement practices: policy implications and service delivery in Kenyan Government Ministries". For this reason I would appreciate if you would kindly spare a few minutes of your time to fill in this questionnaire to the best of your knowledge.

The information in this questionnaire will be treated strictly as confidential and in no instance will your name be mentioned in this research, the information given will not be used for any other purpose other than for this research. Your assistance in facilitating the same will be highly appreciated and a copy of the research finding will be available to you on request.

Thank you in advance.

Yours Faithfully

Onesmus Mutua

Email: mutuaoc@yahoo.com.au
Appendix 2: Questionnaire

This questionnaire is designed to gather data on public procurement practices, policy implications and service delivery in selected government ministries. Kindly answer honestly the questions by writing a brief statement or ticking in the boxes provided [✓] as was applicable. The information you give will be treated as strictly confidential and at no time will your name be mentioned in this study.

Section A: Demographic Information

1. Indicate your gender:
   1) Male  
   2) Female

2. Indicate your age category:
   1) Less than 20 years
   2) 21-30 years
   3) 31-40 years
   4) 41-50 years
   5) Above 50 years

3. For how long have you worked in procurement department?
   1) Less than a year
   2) 1-3 years
   3) 4-6 years
   4) Above 6 years
Section B: Suppliers’ Relationships

4. To what extent do you agree or disagree with the following statement to affect service delivery in this ministry? 1=strongly disagree, 2=disagree, 3=Not sure, 4=Agree, 5=Strongly Agree.

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<th>Statements</th>
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<th>2</th>
<th>3</th>
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</thead>
<tbody>
<tr>
<td>a) There is vigorous competition among suppliers in this ministry</td>
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<td>b) Collusion of Suppliers and procurement officers in this ministry leads to increased commodity pricing</td>
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<td>c) Taxpayers’ money is wasted due to procurement malpractices in this department</td>
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<tr>
<td>d) Public procurement practitioners are always influenced by the suppliers</td>
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<tr>
<td>e) Collusion with suppliers in this departments delay timely procurement</td>
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<td>f) Collusion with suppliers in this departments results in procurement of substandard goods and services</td>
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5. To what extent do you agree or disagree that with the following is being practiced in this Ministry

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<th>Statement</th>
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</thead>
<tbody>
<tr>
<td>a) Tender/ bid manipulation</td>
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<td>b) Conflict</td>
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<td>c) Bribery</td>
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<td>d) Embezzlement of funds</td>
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<td>e) Fraud</td>
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Section C: E-Procurement (Electronic procurement)

6. How would you agree or disagree with the following statements in relation to public procurement in this Ministry? 1=strongly disagree, 2=disagree, 3=Not sure, 4=Agree, 5=Strongly Agree.

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<tbody>
<tr>
<td>a) E-Procurement increases transparency and efficiency</td>
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<td>b) E-Procurement simplifies procurement process by providing access to information on the bidding process.</td>
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<tr>
<td>c) E-Procurement reduced personal contact between public procurement officials and bidders</td>
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<tr>
<td>d) E-Procurement contributes to corrupt behavior</td>
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<td>e) E-Procurement lowers costs of procurement</td>
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7. In your opinion, to what extent would you say the procurement department has adopted E-procurement (electronic procurement) system in this ministry?

1) very great extent [ ]
2) great extent [ ]
3) moderate [ ]
4) low extent [ ]
5) Not at all [ ]
Section D: Control Systems

8. How would you agree or disagree with the following statements in relation to public procurement in this Ministry? 1=strongly disagree, 2=disagree, 3=Not sure, 4=Agree, 5=Strongly Agree.

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</thead>
<tbody>
<tr>
<td>a) Control systems enhance accountability and transparency</td>
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<td>b) Controls in places cover various Procedures, laws and processes for detecting and preventing corruption</td>
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<td>c) Control systems in place encourage abuse of authority and office by public officials</td>
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<td>d) Control systems in place ensure integrity and impartiality</td>
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9. Which of the following control systems are present in this Ministry? 1=present, 2=absent, 3=Not sure/Not Known.

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<th>Statements</th>
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<tbody>
<tr>
<td>a) Internal audits</td>
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<td>b) Financial risk analysis</td>
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<td>c) Management control systems</td>
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<td>d) Performance audit</td>
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<td>e) External financial audits</td>
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Section E: Service Delivery

10. How would you rate the overall Service Delivery in this ministry in terms of the following? 1 = Very low, 2 = Low, 3 = moderate, 4 = high, 5 = Very high.

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<tbody>
<tr>
<td>a) Timely delivery of procured inputs</td>
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<td>b) Clients complaints levels</td>
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<td>c) Quality of services offered</td>
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<td>d) Client’s satisfaction</td>
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11. How would you rate the overall level of service delivery in this department?

1) Very high
2) High
3) Moderate
4) Low
5) Very low

12. In your opinion, what challenges do you face in delivering of services to your clients in this department?

__________________________________________________________________________
__________________________________________________________________________

13. What recommendations would you make on public procurement that would ultimately enhance service delivery in Government Ministries?

__________________________________________________________________________
__________________________________________________________________________

THANK YOU FOR YOUR RESPONSES

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Appendix 3: List of Government Ministries in Kenya

1. Ministry of Interior and Coordination of National Government
2. Ministry of Devolution and Planning
3. Ministry of Defence
4. Ministry of Foreign Affairs
5. Ministry of Education
6. Ministry of The National Treasury
7. Ministry of Health
8. Ministry of Transport and Infrastructure
9. Ministry of Environment, Water and Natural Resources
10. Ministry of Land, Housing and Urban Development
11. Ministry of Information, Communication and Technology
12. Ministry of Sports, Culture and the Arts
13. Ministry of Labour, Social Security and Services
15. Ministry of Agriculture, Livestock and Fisheries
16. Ministry of Industrialization and Enterprise Development
17. Ministry of EAC Affairs, Commerce and Tourism
18. Ministry of Mining