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## *Full Length Research Paper*

# **Procurement Policies and Implementation Of Effective Procurement Practices In Tertiary Public Training Institutions In Kenya**

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**Procurement policies are rules and regulations for governing procurement procedures in an organization. A properly designed and implemented procurement policy plays a pivotal role in providing a guiding framework for the implementation of efficient procurement practices. In Kenya, over 70% of tertiary public training institutions procurement practices are normally not in full compliance with Public Procurement and Disposal Act, 2005 and Public Procurement and Disposal Regulations, 2006. This study set out to establish the influence of procurement policies on implementation of effective procurement practices in tertiary public training institutions in Kenya. The study employed a descriptive research designs, targeting procurement staff across the 40 tertiary public training institutions in Kenya. A stratified random sampling technique was employed to select a sample size of 160 respondents. The main data collection instrument was a questionnaire containing open ended and closed ended questions utilizing both a nominal and a Likert-type scale format. The study findings shows that procurement policies elements that influence implementation of effective procurement practices in tertiary public training institutions in Kenya included; low level of procurement regulations compliance, application of poor procurement policies, lack of top management support, use of poor procurement procedures, poor relationship between management and stakeholders, poor method of managing organization resources and lack of effective policy making process. The study recommends that the management of the tertiary public training institutions should improve on the level of compliance with procurement regulations, design and apply better procurement policies, support and empower staff to execute procurement functions in accordance with the procurement regulations and procurement policies, use effective procurement procedures, improve on relationship between management and stakeholders and employ better methods of managing organization resources.**

**Keywords:** Procurement policies, Effective Procurement Practices

## **INTRODUCTION**

In Africa, many public sector organizations view efficient procurement practices as an add-on or an approach that costs more. In truth, sustainable solutions can often cost less over the whole life of the purchase. Some key benefits include: value for money, protection and enhancement of the environment, more efficient use of resources, greater social inclusion, air and ethical trade, support for innovation, better risk management, lower whole-life costs improved supplier relationships, a diverse and flexible supply chain and a competitive edge (Talluri, 2008). Efficient procurement policies and practices are critical for good public financial management and effective budget implementation (Zuzana, 2012). In many African countries, public procurement accounts for a substantial part of fiscal expenditures, making sound procurement methods central not only for sound public financial management but also for inclusive growth (Zuzana, 2012).

In Kenya, all public organizations are supposed to design and implement procurement policies in line with the Kenya public procurement legal framework that comprises of three major acts namely; the Public Procurement and Disposal Act, 2005 (PPDA) (GOK, 2005). Public Procurement and Disposal Regulations, 2006 (GOK, 2006) and the Supplies Practitioners Management Act, 2007 (Gok, 2007). The PPDA, effective as of 1st January 2007, applies to all procurement of goods, works and services, as well as the disposal of assets by public entities. Public entities are those that procure goods, services or works utilizing public funds. As such, public entities include the central and local governments, courts, commissions, state corporations, cooperatives, and educational institutions such as colleges, schools and universities (Duncan, 2009).

Tertiary Public training institutions in Kenya comprises of 40 technical training colleges (GOK, 2012). For the past ten years, many tertiary public training institutions have continued to enroll more students as a result of spontaneous response to the increasing demand for higher education necessitated by the increasing flow of students from schools (Benton, 2007).

In Kenyan tertiary public training institutions, effective or efficient procurement practices are determined by the level of transparency and accountability of procurement funds, minimization of procurement expenditure, compliance with procurement regulations and quality of procured goods and services (Muge, 2009).

In Kenya, over 70% of tertiary public training institutions procurement practices are normally not in full compliance with Public Procurement and Disposal Act, 2005 and Public Procurement and Disposal Regulations, 2006. (Joseph, 2010). In over 50% of tertiary public training institutions in Kenya, the quality and quantity of procured good and services does not meet the raised specifications during tendering. Many institutions have cases of stalled development projects and deficit in procurement budget (Paul, 2011).

A study by Maina (2008) revealed that designing and implementation of procurement policies as per the procurement legal framework could help tertiary public training institutions to implement effective and efficient procurement practices. A study by Maiyo (2009) noted that there were increased levels of irregularities in undertaking procurement practices in many training institutions and this questioned the nature of procurement policies employed by the institutions.

Increased cases of inefficiency and ineptness of the overall administration and management of procurement functions in many tertiary public training institutions contributes to loss of over Ksh 50 millions annually. A study by Victor (2012) noted that procurement expenditure could be minimized through implementation of effective procurement practices. However, none of tertiary public training institutions have successfully embraced effective procurement practices and this has led to increased procurement expenditure and high institutions operational costs (John, 2012). A relatively well-developed body of research has explored implementation of effective procurement practices in public sector organizations in general hence creating a major knowledge gap on influence of supplier management on implementation of effective procurement practices in tertiary public training institutions. It is hence against this background that this study was undertaken with a main purpose of establishing the influence of procurement policies on implementation of effective procurement practices in tertiary public training institutions in Kenya.

## Literature Review

Procurement policies entail a set of rules and regulations put in place to govern the process of acquiring goods and services needed by an organization to function efficiently (Wisegeeek, 2013). The exact process seeks to minimize expenses associated with the purchase of those goods and services by using strategies such as volume purchasing; the establishment of a set roster of vendors, and establishing reorder protocols that help to keep inventories low without jeopardizing the function of the operation (Muge, 2009). Both small and large companies as well as non-profit organizations regularly design and apply procurement policies to guide on procurement matters. Procurement policies are thus a set of rules and regulations that are designed by organizations to govern on application of various procurement procedures (Bartik, 2009).

Procurement is the process in which public or private organizations buy supplies or services to fulfill various functions such as shelter, transport and need for infrastructures, among many others (Talluri, 2008). Through procurement the organization facilitates the achievement of its own policy goals such as sustainable

**Table 1 Coefficients**

Model		Coefficients <sup>a</sup>				
		Unstandardized Coefficients	Standardized Coefficients	t	Significance	
1	(Constant)	2.787		1.460	1.908	.069
	Procurement policies	.421	.086	.715	4.905	.000

**a. Dependent Variable: EFFECTIVE PROCUREMENT PRACTICES**

development (Elliot, 2007). Procurement is every activity associated with the acquisition and supply of goods, works and services from inception of an idea requiring and leading to a “buy” decision to the disposal of the goods or the conclusion of the service (Charles, 2007). Effective procurement practices are strategies followed when making organization purchasing decisions. These practices include building supplier relationships, team-based approaches to procurement and proper use of technology or e-procurement. Implementing effective procurement practices significantly improve the effectiveness of purchasing decisions (Sobczak, 2008).

In tertiary public training institutions, effective procurement practices entail processes where institutions meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organization, but also to society and the economy, whilst minimizing damage to the environment (Thomson, 2007).

**METHODOLOGY**

The study applied a descriptive research design. Both quantitative and qualitative data was collected to describe the nature and characteristics of the influence of the procurement policies on implementation of effective procurement practices in tertiary public training institutions in Kenya.

The study population comprised of a total of 320 procurement staff in procurement departments of all the 40 tertiary public training institutions in Kenya. The study applied a stratified random sampling technique to select a

sample size of 160 respondents. A structured questionnaire was used as the main data collection instrument, providing for open ended and closed ended questions with the quantitative section of the instrument utilizing both a nominal and a Likert-type scale format.

Descriptive statistics method was applied to analyze quantitative data where data was scored by calculating the percentages, means, STD deviation and Variance. The analysis was facilitated by Statistical Package for Social Sciences (SPSS) computer software. Inferential statistics was applied through the use of correlation and regression analysis techniques to establish the nature and level of the existing relationship between the research variables.

The regression model applied took the form;

$$Y = B_0 + B_1X_1 + \epsilon$$

Where:

Y= Effective procurement practices

X1= Procurement policies

B0 = constant of regression

B = slope (gradient) showing rate dependent variable is changing for each unit change of the independent variable.

**RESULTS AND DISCUSSION**

The main purpose of the study was to establish the influence of procurement policies on implementation of effective procurement practices in tertiary public training institutions in Kenya. The respondents were asked to indicate the extent to which procurement policies factors notably; level of procurement regulations compliance,

type of procurement policies, management support, procurement procedures, relationship between management and stakeholders, organization resources and policy making process influenced implementation of effective procurement practices in the institution. The study adopted a likert scale of 1-5 (1= not at all, 2 = small extent, 3 = moderate extent, 4 = large extent, 5 = very large extent).

The study findings revealed that of those who responded, 44.2 percent, 35.1 percent, 14.9 percent, 4.5 percent and 1.3 percent indicated that procurement regulations affected implementation of effective procurement practices, to a very large extent, to a large extent, to a moderate extent, to a small extent and not at all respectively.

On the influence of type of procurement policies, 49.4 percent of the respondents indicated that the type of procurement policies affected implementation of effective procurement practices in tertiary public training institutions to a large extent. While 33.1 percent, 15.6 percent, and 1.9 indicated that type of procurement policies influence adoption of effective procurement practices to a very large, moderate and a small extent respectively.

Responses on the variable management support indicates that of those responding 44.2 percent of the respondents indicated that the management support affected implementation of effective procurement practices in tertiary public training institutions to a very large extent. 37 percent, 17.5 percent, 1.3 percent indicated that management support influences implementation of effective procurement practices to a large, moderate and a small extent respectively.

Findings on procurement procedures were that 44.8 percent of the respondents indicated that the procurement procedures affected implementation of effective procurement practices in tertiary public training institutions to a large extent, 40.9 percent indicated to a very large extent, 11.0 percent indicated to a moderate extent and 3.2 percent to a small extent.

Findings on relationship between management and stakeholders showed that 46.1 percent of the respondents indicated that the relationship between management and stakeholders affected implementation of effective procurement practices in tertiary public training institutions to a very large extent, 26.0 percent indicated to a large extent, 24.0 percent indicated to a moderate extent, 3.9 percent to a small extent and 0 percent not at all.

Further, 37.0 percent of the respondents indicated that organization resources affected implementation of effective procurement practices in tertiary public training institutions to a very large extent, 37.0 percent also indicated to a large extent, 19.5 percent indicated to a moderate extent, 5.8 percent to a small extent and 6 percent not at all.

Findings on policy making process indicated that 42.2

percent of the respondents indicated that policy making process affected implementation of effective procurement practices in tertiary public training institutions to a large extent, 26.6 percent indicated to a moderate extent, 24.0 percent indicated to a very large, 5.8 percent to a small extent and 1.3 percent not at all.

Finally on average, majority 41.66 percent of the respondents indicated all the procurement policies factors affected the implementation of effective procurement practices in tertiary public training institutions to a large extent, 35.63 indicated to a very large extent, 18.44 percent indicated to a moderate extent large, 3.77 indicated to a small extent and 0.46 percent indicated not at all. These findings demonstrated that all the procurement policies factors affected of procurement policies on the implementation of effective procurement practices in tertiary public training institutions in Kenya to a large extent. The findings corroborated with findings by Simpson & Power (2007) that low level of procurement regulations compliance in many public training institutions in developing nations hampers effective execution of procurement functions and this hampers implementation of institutions development projects. Tanzi (2009) noted that application of poor procurement policies and lack of top management support hinders are key impediments towards implementation of effective procurement practice in many government institutions in East Africa. Arthur (2009) noted that many procurement managers in Kenyan State corporations' lacks competitive knowledge and skills on how to formulate and embrace effective procurement policies in many public institutions in Kenya. The study therefore deduced that the key procurement policies factors the implementation of effective procurement practices in tertiary public training institutions in Kenya includes; level of procurement regulations compliance, type of procurement policies, management support, procurement procedures, relationship between management.

Correlations analysis reveals that procurement policies have a positive correlation with implementation of effective procurement policies with the Pearson correlation coefficient of 0.715. The regression model on procurement policies versus implementation of effective procurement practices gave a coefficient of determination R square is 0.511 and R was 0.715 at 0.05 significance level. The coefficient of determination indicated that 71.5% of the variation on the implementation of effective practices is influenced by procurement policies. This implied that there exists a strong positive relationship between procurement policies and implementation of effective procurement practices.

The results of Analysis of Variance (ANOVA) on procurement policies and implementation of effective procurement practices indicated that the significance of the F was 0.00 which was less than 0.05 hence implying that there is a positive significant relationship between procurement policies and implementation of effective

procurement practices.

Further regression analysis was carried out to determine the beta coefficients of procurement policies versus implementation of effective procurement practices and results presented in table 1.

Results shown through table 1 imply a significant relationship between procurement policies and implementation of effective procurement practices is positive since the coefficient of procurement policies is 0.421 which is significantly greater than zero. The t statistics is 4.905 which is also greater than zero. This demonstrates that procurement policies have a positive influence on implementation of effective procurement policies.

## CONCLUSIONS AND RECOMMENDATIONS

Procurement policies are rules and regulations for governing procurement procedures in an organization. A properly designed and implemented procurement policy plays a pivotal role in providing a guiding framework for the implementation of efficient procurement practices. The employed procurement policies in government training institutions do not provide a framework for supporting implementation of sustainable procurement practices. The major factors that influences procurement policies to affect implementation of effective procurement practices in tertiary public training institutions in Kenya included; low level of procurement regulations compliance, application of poor procurement policies, lack of top management support, use of poor procurement procedures poor relationship between management and stakeholders, poor method of managing organization resources and lack of effective policy making process,

The study recommends that management of tertiary public training institutions should improve on the level of compliance with procurement regulations compliance, design and apply better poor procurement policies, support and encourage other staff to execute procurement functions in accordance with the procurement regulations and procurement policies, use effective procurement procedures, improve on relationship between management and stakeholders and employ better methods of managing organization resources

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