

**Factors Affecting Implementation of Preference and Reservation Procurement Policy in State Corporations in Kenya: A Case of Kenya Railways Corporation**

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**Abstract:** In the recent past, public procurement in Kenya has undergone numerous reforms consistent with the global trends since 1990s. In Kenya's public procurement Act, one of the objectives is to facilitate promotion of local industry and economic development. Towards this end The Public procurement and Disposal (Preference and Reservation) Regulations, 2011 was issued opening up window of opportunities for specified target groups. The study sought to establish the factors that have made it difficult for State Corporation to Implement the Preference and Reservation Procurement policies despite an enabling environment and political support provided by the Government. The specific objectives were to establish how ICT, legislative framework, organizational structure and procurement staff professionalism influence the implementation of preference and reservation scheme in State Corporations in Kenya. The target population was 185 employees at Kenya Railways Corporation headquarters in Nairobi, Kenya. The sample size was 63 employees. The study used a multivariate regression model to predict the relationship between the dependent variable and the independent variables. The results indicated that procurement staff professionalism and legislative framework positively and significantly affects the implementation of preference and reservation Scheme in State Corporations. Additionally, the study indicated that organization culture affects implementation of preference and reservation Scheme in State Corporations positively and significantly. The study recommended the Kenya Railways Corporation to improve on there is compatibility of ICT infrastructure with that of the targeted special group organisations. There is also need for improvement of accessibility of information using online platforms provided by Kenya Railways. The study recommends for procurement staff to improve knowledge on procurement regulation regarding preference and reservations.

**Keywords:** *ICT, Professionalism, Organizational Culture, Legislative Framework, Preference and Reservation Procurement Policy*

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## **Introduction**

All over the world, challenges facing public procurement is always attracting attention from civil society, donors, politicians, practitioners, academicians and researchers due to poor performance resulting from non-adherence to procurement laws and regulations. Public procurement plays a cardinal role in facilitating government operations in both developed and developing countries (Gatere & Shale, 2014). Public procurement is a significant activity in the developing world and governments are significant buyers of goods and services (Evenett & Hoekman, 2005). Worldwide, governments spend approximately US\$11 trillion per annum on procurement (Hetland, 2012). The value of the contestable government procurement is equivalent to 7% of the world GDP and 30% of the world budgets (OECD, 2010). The size of public procurement in Africa is thought to be between 9% and 13% of GDP and as much as 20% of GDP in other developing economies (Ghana Business News, 2013). Governments are also active, major participants in the market. Each year, governments spend trillions of dollars buying goods, services, and works (Anderson et al 2011; Audet, 2002). Public procurement is estimated to comprise as much as 10–15% of the gross domestic product (GDP) in developed countries and 30–40% in developing countries (Kirton, 2013).

The Government of Kenya (GOK) in the year 2013 amended the public procurement regulations to reserve 30% of government contracts for women, youth and persons with disabilities (Gathira, 2013). Preference and Reservation is a form of discriminatory procurement process. Discrimination refers to a government's tendency to favour its own domestic industry's supplies and disregard foreign firm supplies. If a government cares for local firms' profits but not foreign firms, it will discriminate them when competing for government procurement contracts (Vagstad, 1995). In the recent past, governments have sought to reduce the ever-increasing unemployment levels by offering to assist young people and the disadvantaged with startup capital. Many governments have established funds targeting women entrepreneurs and the youth because they are often left out of the economic mainstream and most disadvantaged when it comes to accessing startup capital or loans from the existing financial infrastructure (Gatere & Shale, 2014). The Youth have the potential to accelerate productivity growth, but left idle, can represent a risk to social stability and in the longer term a risk to development of the nation's economy (R.o.K 2013). Lack of employable and entrepreneurial skills, are some of the most crucial problems facing communities of people with disability and society at large to be included in public procurement. As a result people with disability are generally excluded from public procurement thereby hampering their overall economic independence (R.o.K, 2013). Ensuring that youths are successfully integrated into the economy through procurement improve Kenya's competitiveness, raise household incomes, reduce poverty, and create a circle of investment and growth.

The Public Procurement Regulatory Authority (PPRA) report of 2014/2015 financial year recorded more than 15,000 youth, women & persons with disabilities who were competing for government procurement opportunities. However, it was noted that most procuring entities were mainstreaming the legal requirement at a very slow pace as evidenced by low levels of reporting compliance on the preference and reservation schemes (RoK, 2014). Thousands of young entrepreneurs were reeling from heavy losses resulting from delayed settlements on supplies delivered to the State. Many Government suppliers under the Youth Access to Government Procurement Opportunities (Yagpo) initiative have sworn not to do business with the State (PPRA, 2016), they are disillusioned by the very initiative that promised so much.

## Statement of the Problem

The Preference and Reservation Procurement policy requires that thirty percent (30%) of all Public Procurement budgets be reserved for special groups. PPRA, Financial Year 2015-2016 report indicated that Government failed in its promise to reserve tenders for the groups. The National Government reserved KES.22.6 Billion out of a procurement budget of KES.104.2 billion; County Government KES.6.2 billion out of a budget of KES.28.9 billion. Cumulatively, the two levels of Government reserved a total of KES.28.8 billion representing 21.6% of the annual procurement budget of KES.133.1 billion, short of the 30% required under the law (R.O.K, 2017). Similarly, in Financial Year 2016-2017, the National and County Government reserved a total of KES.37 Billion representing 18.71% of the total annual procurement budget of KES.208 Billion for special groups in six months to December 2016, which was less than the legal cap of 30%. (PPRA, 2017). While the legislation makes allowances for preferences to certain classes of suppliers, these stipulations are rarely applied. As a result, suppliers find themselves competing with larger Corporations to their detriment. This non-compliance warrants a study to investigate the factors affecting implementation of preference and reservation scheme in State Corporations in Kenya.

A study by Ngeno (2014) focused on the effect of discriminatory public procurement practices on organizational performance of public sector corporations. The study found out that inadequate resource capacity affected implementation of discriminatory procurement schemes. Karanja and Mugo (2012) focused on factors affecting procurement process of supplies in public sector in Kenya and found out that low level of adoption of ICT and staff professionalism affect procurement process, Mbunya, (2013) focused on participation of Minorities and Marginalised groups in Kenyan economy and revealed that legislative framework was a key hindrance. There were conceptual knowledge gaps in these studies as none of them approached the implementation of the policy from the implementer's side in order to establish why the entities are finding it difficult to implement the policy. This study therefore seeks to bridge the gaps identified in the other studies.

## Research Objectives

- i. To examine the effect of information Communication and Technology (ICT) on implementation of preference and reservation scheme in State Corporations in Kenya.
- ii. To evaluate effect of procurement staff professionalism on implementation of preference and reservation Scheme in State Corporations in Kenya.
- iii. To evaluate the effects of organizational culture on implementation of Preference and Reservation scheme in State Corporations in Kenya
- iv. To establish the effect of legislative framework on implementation of preference and reservation schemes in State Corporations in Kenya.

## Literature Review

### Theoretical Review

### Institutional Theory

Najeeb (2014) asserts that the study of institutions traverses the academic fields of economics, sociology, political science and organizational theory. According to Kaufman (2011), the common denominator for institutionalism in various disciplines appears to be that of, institutions matter. Hence, organizational practices are either a direct reflection of, or response to, rules and structures built into their larger

environment (Paauwe & Boselie 2003). In public procurement, different institutions interact in order to meet the needs of each other while abiding to the set rules and regulations established by the government. There are three pillars of institutions as regulatory, normative and cultural cognitive as identified by Scott (2004). The regulatory pillar emphasizes the use of rules, laws and sanctions as enforcement mechanism, with expedience as the basis of compliance. The normative pillar refers to norms and values with social obligation as the basis for compliance. The cultural cognitive pillar rests on shared understanding, that is, common beliefs, symbols and shared understanding.

### **Empowerment Theory**

According to Tones and Tilford (2001), the empowerment theory has been identified as a principal theory across various disciplines including procurement. Adapted from Zimmerman's (1984) work, Rappaport (1987) adapted it to community psychology studies. Ever since, the theory has found its way into social studies as a key concept in remedying inequalities and towards achieving better and fairer distribution of resources for communities (Rose, 2001). According to the theory, empowerment refers to the ability of people to gain understanding and control over personal, social, economic and political forces in order to take action to improve their life situations. It is the process by which individuals and communities are enabled to take power and act effectively in gaining greater control, efficacy, and social justice in changing their lives and their environment. It is a process that fosters power in people for use in their own lives, their communities and in their society by acting on issues that they define as important (Zimmerman, 2000). In fact, Zimmerman (2000), the originator of this theory, argues that empowered individuals have the characteristics of high self-esteem, self-efficacy, control over their life and increased socio-political and civic access. The theory is relevant to the study since it informs the benefits associated with having an organisation culture that empowers people to act rationally for the good of the community and the society they live. This theory therefore aided in understanding the relationship between organisation culture and implementation of preference and reservation procurement policies.

### **Social–Economic Theory**

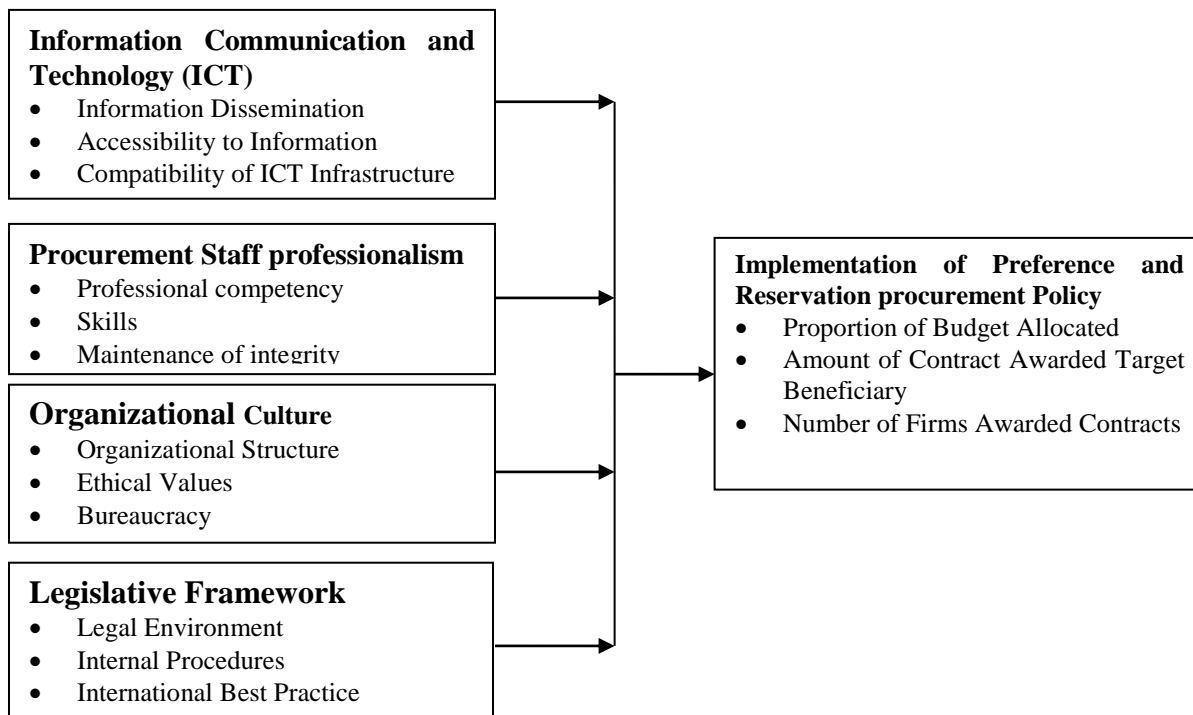
Sutinen and Kuperan (1999) propounded the social- economic theory. The socio-economic theory of compliance was formulated by integrating economic theory with theories from psychology and sociology to account for moral obligation and social influence as causes of individuals' decisions on adherence to the set standards. The emotional perspectives provide a foundation for the success or failure of organizational compliance (Lisa, 2010). According to Hui *et al*, (2011) this theory concentrates on the association and interaction between an entity and the society, provides a sufficient and superior lens for understanding public procurement system. The rules and regulations established by the government to guide procurement procedures and conduct of procurement professionals acts an antecedent for individuals to comply to the standards established.

### **Resource Based Theory**

According to the Resource based firm theory definition of (Goshal *et al*, 2002), the firm comprises of differentiated technological skills, complementary assets and organizational routines and capacities. Financial resources such as credit are one of the resources that influence the growth of a firm (Hartarska & Gonzalez-Vega 2006). According to the theory, availability of resources leads to sustained competitive advantage that in turn leads to growth of Small enterprises. Penrose's concern on this theory is on efficient and innovative use of

resources. She claimed that bundles of productive resources controlled by firms could vary significantly by firm, that firms in this sense are fundamentally heterogeneous even if they are in the same industry (Barney & Clark, 2007). The knowledge based literature of the firm fosters and develops the resource based theory in that it considers knowledge to be the most complex of an organization's resources ( Alavi & Leidner, 2001). The theory gives an insight on the relations among internal resources, capabilities and performance. The principal idea of the RBV is that for a firm to achieve competitive advantage then it all depends on its heterogeneous resources, which are inimitable, valuable and non- substitutable. It is perhaps one of the most influential frameworks for environmental management (Barney, 1991).

### Conceptual Framework



#### Independent Variables

#### Dependent Variable

Figure 1: Conceptual Framework

### Information Communication and Technology

Most public procurement systems address in one way or another issue of how to provide information support for the domestic supplier base (Griffith & Myers, 2005). Improved information techniques mostly through the internet for buying goods and services using modern quality standards and business practices in the government can help improve the efficiency of special group's suppliers as they compete for government contracts with big players. Such improvements in information access can enhance trade prospects by making these suppliers vendors that are more acceptable to global business partners (Nelson *et al.*, 2007).

Repeatedly brought up in literature on disadvantaged groups and their access to public procurement is the issue of a lack of information about procurement processes (Jones, 2011). The processes are unnecessarily complicated, differ from organisation-to-organisation, and in some instances there is limited notice of advertised contract opportunities. Because of this, WOBs are often unaware of available contracting opportunities (Mee, 2012). Lagat *et al* (2016) argue that enterprises belonging to special interest groups do not easily access credit from financial institutions since most of the enterprises are start-ups they lack experience and access to information on procurement opportunities in public procurement and because majority of them are located in areas that we have limited access to newspapers and the internet. The government has been accused of not making the citizens fully aware of the public procurement system but on this the claims are unfound since donors have even partnered with the government to sensitize citizens on their role, opportunities and necessary reforms being undertaken (Ndolo & Njagi, 2014).

### **Procurement Staff Professionalism**

Choi and Krause (2006) argue that a profession has the following essential features; A skill based on theoretical knowledge; A skill requiring training and education; the demonstration of competence by professional by passing a test; maintenance of integrity by adherence to a code of conduct; service provided for the public good and that the profession is organized. The professionals must be seen as champions of efficiency and effectiveness and must acknowledge the challenges and their various forms, and their sources. The requirements to educate professionals and equip them with new and higher-level skills have consequently become urgent (Sauber *et al*, 2008). A skill is the ability either to perform some specific behavioral task or the ability to perform some specific cognitive process that is related to some particular task (Ndumbi & Okello, 2015). Public entities are confronted with procurement issues such as professionalism, limited career development opportunities for procurement staff and weak contract management (CPAR, 2013). Scholars agree that professionalism is critical in compliance to public procurement regulations. Hunja (2003) states that promotion, support training, and professional development for individuals who are in engaged in public procurement is a key mechanism to ensure adherence to professional and ethical standards.

### **Organizational Culture**

Organizational culture is a system of shared assumptions, values, and beliefs, which governs how people behave in organizations (Schein, 2010). A positive public procurement culture is one of the public procurement objectives in Kenya, top priorities for raising the standards of public services throughout the public sector and delivering better service. A positive procurement culture requires a top-down commitment and leadership to the process supported by bottom-up process and procedures. Several developments have necessitated changes that aim at strengthening the system as well as improve service delivery; for example implementation of the new constitution which brought in the concept of county government procurement, this has been a big battlefield between the central government and the county governments (Ndolo & Njagi, 2014). The need to offer youth and women more business opportunities in government tenders has led to the strengthening of the preference and reservation clause, the 30% rule. Citizens' interest on government opportunities has also increased tremendously as business opportunities becomes scarce and stiff competition reaching great heights. The above scenario has seen increased procurement corruption and fraud related complaints to the ethics and anticorruption commission, more procurement reviews/appeals as well as contract nullifications by the Public Procurement Administrative Review Board (Republic of Kenya, 2013).

## Legislative Framework

Public Sector is subject to transparency requirements and generally is constrained by legislations and detailed administrative regulations and procedures of public procurement. These rules attempt to avoid any abuse of discretion by the public sector. Regulatory requirement dictating particular procurement procedure can render the process excessively unpredictable and create opportunity for abuse. The lack of flexibility limits opportunities for public purchaser to react strategically when confronted with unlawful operations among sector players. It is important therefore that the legislative and regulatory framework of public procurement be designed to allow sufficient flexibility on the purchasing side to reduce procurement risks. According to Puddephatt and Kaspar (2012), a weak national regulatory framework is often the root of challenges facing disadvantaged in public procurement. In general, a strong legal framework establishes the basis for competitive and transparent public procurement process, which is relevant for large and small business alike. This makes clear and comprehensive regulation essential in enabling fair participation of all bidders, including disadvantaged.

## Research Methodology

The study employed descriptive survey design. The target population of the study comprised of 185 employees at Kenya Railways Corporation headquarters in Nairobi, Kenya. The study used stratified sampling to select the respondents. The strata comprised of different categories of staff at Kenya Railways Corporation headquarter in Nairobi, namely top management, middle level staff and low-level management. Stratified random sampling ensured that every category of employees was given an equal chance of participating in the study. Krejcie and Morgan (1970) formula was used to determine the sample size. The data was collected using a structured questionnaire. The responses from closed-ended questions were categorized as numerical data. The specific descriptive statistics included percentages and frequencies while the inferential statistics included a multiple linear regression model. The regression equation was helpful in predicting implementation of preference and reservation policy in State Corporations in Kenya at the various levels of the predicting factors.

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \epsilon$$

Where:  $Y$ =Implementation of Preference and Reservation Policy.  $X_1$ = Legislative Framework,  $X_2$ = Information Communication Technology,  $X_3$ = Procurement Staff Professionalism,  $X_4$ = Organizational Culture,  $\beta_i$  ( $i = 1$  to  $4$ ) = Actual regression coefficient,  $\epsilon$  = Error term,  $\beta_0$  = the constant term while the coefficient and  $\beta_i = 1 \dots 4$  used to measure the sensitivity of the dependent variable ( $Y$ ) to unit change in the predictor variables  $X_1$ ,  $X_2$ ,  $X_3$  and  $X_4$ .  $\epsilon$  is the error term, which captures the unexplained variations in the model.

## Results

The total number of questionnaires administered was 63 out of which 52 questionnaires were dully filled and returned. This represented an overall successful response rate of 82.54%.

## Demographic Characteristics

This section presents the basic characteristics of the respondent. They include gender, age, education and the number of years worked in the organization.

**Table 1 Demographic Characteristics**

<b>Demographic Characteristic</b>	<b>Category</b>	<b>Percentage</b>
Position in the organization	Executive Management	10%
	Management	18.5%
	Middle Level	48.5%
	Support Staff	23%
Level of education	College	11.5%
	University	88.5%
Working Experience	Below 2 Years	13.5%
	2-10 Years	36.5%
	11-20 Years	38.5%
	Above 20 Years	11.5%

### **Information Communication and Technology**

The study sought to determine the effect of information Communication and Technology (ICT) on implementation of preference and reservation scheme in State Corporations in Kenya. The respondents were asked to rate the statements on ICT on five point Likert scale where; 1= very low extent, 2= Low extent, 3= Moderate extent, 4= Large extent and 5= Very Large extent. The findings of the study are as indicated in Table 2. The results of a study revealed that 61.5% of the respondents revealed that the cost of setting up the ICT platform significantly influenced implementation of preference and reservation policy in State Corporations in Kenya to very large extent while 38.5% indicated large extent. Moreover, 13.5% of the respondents indicated that compatibility of ICT infrastructure influence implementation of preference and reservation policy in State Corporations to very large extent, 50% indicated large extent, 25% indicated moderate extent while 11.5% indicated low extent.

In addition, 36.5% of the respondents indicated that availability of information on IT platforms influence implementation of preference and reservation policy in State Corporations to very large extent, 38.5% of them indicated large extent while 11.5% indicated moderate extent and 13.5% indicated low extent. Further, 25% of the respondents indicated that accessibility of information using online platforms influence implementation of preference and reservation policy in State Corporations to a very large extent, those who indicated large extent were 25% also while those who indicated moderate extent were 50%. Finally, findings of the study revealed that 36.5% of the respondents indicated that the cost of managing the ICT platforms influences implementation of preference and reservation scheme in State Corporations in Kenya to a very large extent, those who indicated large extent were 38.5% while those who indicated moderate extent were 11.5% and those who indicated low extent were 13.5%. On average, the respondents indicated that the statements on ICT influence the implementation of preference and reservation scheme in State Corporations in Kenya to large extent (mean= 4.00). The standard deviation also indicates that there was a small variation in the responses given by the respondents (mean=0.85).



**Table 2 Information Communication and Technology**

Statements	Very low extent	Low extent	Moderate extent	Large extent	Very large extent	Mean	Std dev
Cost of setting up the ICT platform	0.0%	0.0%	0.0%	38.5%	61.5%	4.62	0.49
Compatibility of ICT infrastructure	0.0%	11.5%	25.0%	50.0%	13.5%	3.65	0.86
Availability of information on IT platforms	0.0%	13.5%	11.5%	38.5%	36.5%	3.98	1.02
Accessibility of information using online platforms	0.0%	0.0%	50.0%	25.0%	25.0%	3.75	0.84
Cost of managing the ICT platforms	0.0%	13.5%	11.5%	38.5%	36.5%	3.98	1.02
<b>Average</b>						<b>4.00</b>	<b>0.85</b>

The study also asked the respondents to indicate the frequency in which they publish procurement opportunities and award to disadvantaged groups. The results of the study showed that majority (73.1%) of the respondents indicated quarterly while only 26.9% of them indicated monthly.



**Figure 2 Procurement Opportunities and Award to Disadvantaged Groups**

### Procurement Staff Professionalism

The study also sought to evaluate the effect of procurement staff professionalism on implementation of preference and reservation Scheme in State Corporations in Kenya. The respondents were asked to rate the statements on procurement staff professionalism based on five point Likert scale where; 1= very low extent, 2= Low extent, 3= Moderate extent, 4= Large extent and 5= Very Large extent. The findings of the study are as indicated in Table 3. Results of the study showed that 25% of the respondents indicated that Professional

competency influences implementation of preference and reservation Scheme in State Corporations in Kenya to very large extent, 63.5% of them indicated large extent while 11.5% indicated moderate extent.

The study findings also revealed that 25% of the respondents indicated that Procurement staff customer handling skills influences implementation of preference and reservation Scheme in State Corporations in Kenya to very large extent, those who indicated large extent were 38.5% while 36.5% of them indicated moderate extent. Moreover, 38.5% of the respondents indicated that procurement staff code of conduct influences implementation of preference and reservation Scheme in State Corporations in Kenya to large extent, 23.1% indicated moderate extent while those who indicated low extent were 13.5% and those who indicated very low extent were 25%. Lastly, results of the study revealed that 36.5% of the respondents indicated that procurement staff knowledge on procurement regulation influences implementation of preference and reservation Scheme in State Corporations in Kenya to very large extent while those who indicated large extent were 38.5% and those who indicated moderate extent were 25%. On average, the respondents indicated that the statements on procurement staff professionalism influences implementation of preference and reservation Scheme in State Corporations in Kenya to a moderate extent (mean= 3.72). The standard deviation also indicates that there was a small variation in the responses given by the respondents (mean=0.85).

**Table 3 Procurement Staff Professionalism**

Statements	Very low extent	Low extent	Moderate extent	Large extent	Very large extent	Mean	Std dev
Professional competency	0.0%	0.0%	11.5%	63.5%	25.0%	4.13	0.60
Procurement staff customer handling skills	0.0%	0.0%	36.5%	38.5%	25.0%	3.88	0.78
Procurement staff code of conduct	25.0%	13.5%	23.1%	38.5%	0.0%	2.75	1.22
Procurement staff knowledge on procurement regulation	0.0%	0.0%	25.0%	38.5%	36.5%	4.12	0.78
<b>Average</b>						<b>3.72</b>	<b>0.85</b>

### Organizational Culture

The study also sought to evaluate the effects of Organizational Culture on implementation of Preference and Reservation scheme in State Corporations in Kenya. The study asked the respondents to rate the statements on procurement staff professionalism based on five point Likert scale where; 1= very low extent, 2= Low extent, 3= Moderate extent, 4= Large extent and 5= Very Large extent. The findings of the study are as indicated in Table 4. The results of the study revealed that 13.5% of the respondents indicated that organizational structure influences implementation of Preference and Reservation scheme in State Corporations in Kenya to very large extent, those who indicated large extent were 11.5% while those who indicated moderate extent were 51.9% and those who indicated low extent were 23.1%. The study findings also showed that 26.9% of the respondents indicated that ethical practice in the organization influences the implementation of Preference and Reservation scheme in State Corporations in Kenya to very large extent while those who indicated large extent were 59.6% and those who indicated moderate extent were 13.5%.

Moreover, the study results also revealed that 36.5% of the respondents indicated that top management support on implementation influences the implementation of preference and reservation scheme in State Corporations in Kenya to very large extent, those who indicated large extent were 51.9% while only 11.5% of them indicated moderate extent. Furthermore, 13.5% of the respondents indicated that bureaucracy in the organization influence the implementation of preference and reservation scheme in State Corporations in Kenya to very large extent, 25% of them indicated large extent, those who indicated moderate extent were 36.5% while those who indicated low extent were 13.5% and those who indicated very low extent were 11.5%. Lastly, 13.5% of the respondents indicated that organizational systems of operation influences implementation of preference and reservation schemes in State Corporations in Kenya to very large extent, those who indicated large extent were 36.5%, those who indicated moderate extent were 11.5% while 26.9% of the respondents indicated low extent and 11.5% of them indicated very low extent. On average, the respondents indicated that the statements on organizational culture influences implementation of preference and reservation Scheme in State Corporations in Kenya to large extent (mean= 3.57). The standard deviation also indicates that there was a small variation in the responses given by the respondents (mean=0.94). These findings implied that organisation culture played a significant role in procurement performance.

**Table 4 Organizational Culture**

Statements	very low extent	low extent	moderate extent	Large extent	very large extent	Mean	Std Dev
Organizational structure	0.0%	23.1%	51.9%	11.5%	13.5%	3.15	0.94
Ethical practice in the organization	0.0%	0.0%	13.5%	59.6%	26.9%	4.13	0.63
Top management support on implementation	0.0%	0.0%	11.5%	51.9%	36.5%	4.25	0.65
Bureaucracy in the organization	11.5%	13.5%	36.5%	25.0%	13.5%	3.15	1.18
Organizational systems of operation	11.5%	26.9%	11.5%	36.5%	13.5%	3.13	1.28
<b>Average</b>						<b>3.57</b>	<b>0.94</b>

### Legislative Framework

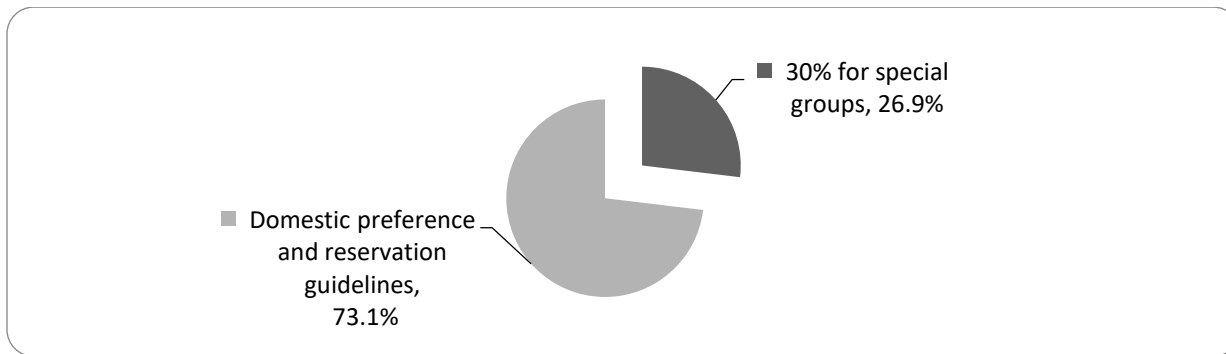
The study also sought to establish the effect of legislative framework on implementation of preference and reservation schemes in State Corporations in Kenya. The respondents were asked to rate statements on legislative framework on five point Likert scale where; 1 = Very low extent, 2= Low extent, 3= Moderate extent, 4= Large extent and 5= Very large extent. The results of the study are as indicated in Table 5. The findings of the study showed that 13.5% of the respondents indicated that adequacy of the guidelines provided in the legislative influences implementation of preference and reservation schemes in State Corporations in Kenya to very large extent while majority 63.5% indicated large extent and 23.5% of the respondents indicated moderate extent.

The study findings also revealed that 13.5% of the respondents indicated that cooperation from the overseeing body (PPOA) influences implementation of preference and reservation schemes in State Corporations in Kenya to very large extent while 25% of them indicated large extent and majority 61.5% indicated low extent. Moreover, 25% of the respondents indicated that agreement between internal policies and the law influences implementation of preference and reservation schemes in State Corporations in Kenya to very large extent, 25% of them indicated large extent while those who indicated moderate extent were 38.5% and 11.5% of the respondents indicated low extent. Further, the results of the study showed that most of the respondents (40.4%) indicated that agreement between existing regulations and international best practices influences implementation of preference and reservation schemes in State Corporations in Kenya to a large extent while those who indicated moderate extent were 36.5% and only 23.1% indicated low extent. Finally, the study findings revealed that 11.5% of the respondents indicated that the existing external legal environment influences implementation of preference and reservation schemes in State Corporations in Kenya to very large extent, 25% of them indicated large extent while majority 50% of them indicated moderate extent and only 13.5% of the respondents indicated low extent. On average, the respondents indicated that the statements on legislative framework influences implementation of preference and reservation Scheme in State Corporations in Kenya to a moderate extent (mean= 3.39). The standard deviation also indicates that there was a small variation in the responses given by the respondents (mean=0.89). The findings are consistent with the findings of a study by Gatere and Shale (2014) which established that the implementation of access to government procurement opportunities for Special Interest groups in Kenya was affected by legal framework, funding, training and availability of information.

**Table 5 Legislative Framework**

Statement	very low extent	low extent	moderate extent	Large extent	very large extent	Mean	Std Dev
Adequacy of the guidelines provided in the legislative	0.0%	0.0%	23.1%	63.5%	13.5%	3.90	0.60
Cooperation from the overseeing body (PPOA)	0.0%	61.5%	0.0%	25.0%	13.5%	2.90	1.19
Agreement between internal policies and the law	0.0%	11.5%	38.5%	25.0%	25.0%	3.63	0.99
Agreement between existing regulations and international best practices	0.0%	23.1%	36.5%	40.4%	0.0%	3.17	0.79
Existing external legal environment	0.0%	13.5%	50.0%	25.0%	11.5%	3.35	0.86
<b>Average</b>						<b>3.39</b>	<b>0.89</b>

The study also sought to determine which of the legislative framework is hard to implement. The results of the study revealed that majority (73.1%) of the respondents indicated domestic preference and reservation guidelines while 26.9% of the respondents indicated that 30% for special groups.



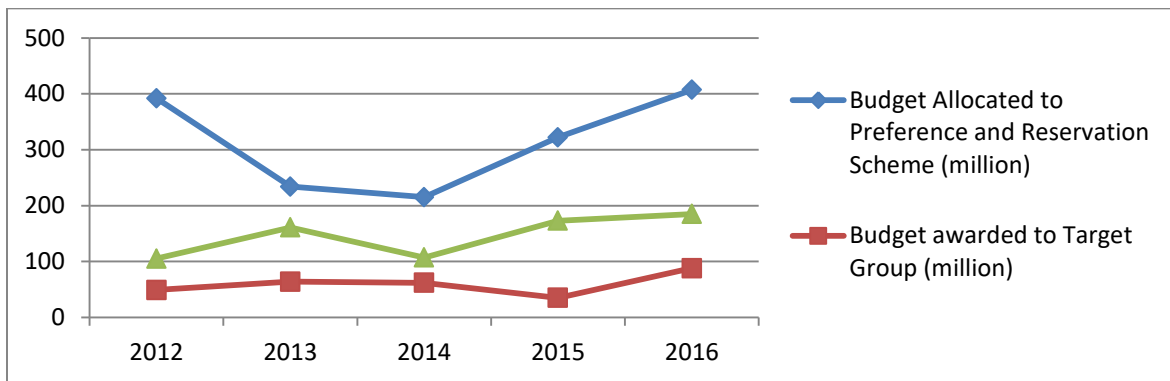
**Figure 3 Legislative Framework that is Difficult to Implement**

### **Implementation of Preference and Reservation Procurement Policies**

Finally, the study sought to determine the extent to which the implementation of preference and reservation procurement policies has achieved its objectives. Respondents were asked to indicate the extent to which they agree with the statements based on Likert scale where; 1 = Strongly disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly agree. The study results are as indicated in table 6. The study results revealed that 13.5% of the respondents strongly agreed that adequate Budget is allocated to Preference and Reservation Scheme, those who agreed were 36.5% while those who neither agreed nor disagreed were 38.5% and only 11.5% of the respondents indicated disagree. The findings of the study also showed that 13.5% of the respondents strongly agreed that adequate proportion of the Budget allocated to Preference and Reservation Scheme are awarded to Target Groups, majority 40.4% indicated agree, while those who indicated neutral and disagree respectively were both 23.1%. Lastly, the findings of the study indicated that 25% of the respondents strongly agreed that there has been an increase in the number of Firms in Preference and Reservation Scheme awarded Contracts while those who indicated agree were 23.1% and those who indicated disagree were 51.9%. On average, the respondents neither agreed nor disagreed with the statements on the extent to which the implementation of preference and reservation procurement policies has achieved its objectives (mean= 3.39). The standard deviation also indicates that there was a small variation in the responses given by the respondents (mean=1.06).

**Table 6 Implementation of Preference and Reservation Procurement Policies**

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean	Std Dev
Adequate Budget is Allocated to Preference and Reservation Scheme	0.0%	11.5%	38.5%	36.5%	13.5%	3.52	0.87
Adequate proportion of the Budget allocated to Preference and Reservation Scheme are awarded to Target Groups	0.0%	23.1%	23.1%	40.4%	13.5%	3.44	1.00
There has been an increase in the number of Firms in Preference and Reservation Scheme awarded Contracts	0.0%	51.9%	0.0%	23.1%	25.0%	3.21	1.32
<b>Average</b>						<b>3.39</b>	<b>1.06</b>



**Figure 4: Performance of preference and Reservation Scheme**

Figure 4.7 indicated that proportion of budget allocated to preference and reservation scheme at Kenya Railway Corporation has been improving since 2014 where it reached about 400 million. Similarly, there has been an increase in the proportion of allocated budget that was actually awarded to target group. The finding showed that out of the total budget of 400 million, over 150 million managed to be awarded to the target group by the corporation. This implies that there has been improvement in the implementation of preference and reservation scheme in State Corporations in Kenya. finally the findings presented in figure 4.7 indicate an increase in the number of firms in preference and reservation scheme that have been awarded contracts which further implies implementation of preference and reservation scheme in State Corporations in Kenya is slowly but steadily gaining momentum.

### Correlation analysis

The study conducted correlation analysis tests to evaluate the relationship among the variables of the study. The correlation findings are as presented in Table 4.7.

**Table 7 Correlation Matrix**

<b>Correlations</b>		<b>ICT</b>	<b>Organization culture</b>	<b>Legislative framework</b>	<b>Procurement Staff Professionalism</b>
ICT	Pearson Correlation	1			
	Sig. (2-tailed)				
Organization culture	Pearson Correlation	0.255	1		
	Sig. (2-tailed)	0.069			
Legislative framework	Pearson Correlation	0.344	0.539	1	
	Sig. (2-tailed)	0.013	0.000		
Procurement staff professionalism	Pearson Correlation	0.028	0.546	0.597	1
	Sig. (2-tailed)	0.846	0.000	0.000	
Implementation of preference and reservation procurement policies	Pearson Correlation	0.681	0.678	0.690	0.601
	Sig. (2-tailed)	0.000	0.000	0.000	0.000
	<b>N</b>	<b>52</b>	<b>52</b>	<b>52</b>	<b>52</b>

\* Correlation is significant at the 0.05 level (2-tailed).

The summary of the correlation analysis results reveals that there was positive and significant correlation between ICT and the implementation of preference and reservation scheme in State Corporations in Kenya as shown by a Pearson correlation value of 0.681 and a significance of 0.00. This implies that reduced cost of setting up the ICT platform, compatibility issues of ICT infrastructure, availability of information on IT platforms, accessibility of information using online platforms and the lower cost of managing the ICT platforms leads to a positive and significant influence in implementation of preference and reservation scheme in State Corporations in Kenya. The study findings are consistent with the findings of a study by Ngure and Simba (2015) which established that access to government procurement opportunities for disadvantaged groups in public entities in Kenya was influenced by information, funding, tendering process and training on AGPO. A similar study by Mambo (2015) found out that ICT sector was an important in the realization of the required improvement in productivity and empowerment of the citizenry.

The study findings further revealed that organizational culture had a positive and significant correlation on the implementation of preference and reservation scheme in State Corporations in Kenya as shown by a Pearson correlation value of 0.678 and a significance of 0.000. This implies that an increase in organizational culture practices such as organizational structure, ethical practice in the organization, top management support on implementation, bureaucracy in the organization and the organizational systems of operation leads to a positive and significant influence in implementation of preference and reservation scheme in State Corporations in Kenya. Moreover, the study findings indicated that there was positive and significant relationship between legislative framework and the implementation of preference and reservation scheme in State Corporations in Kenya as shown by a Pearson correlation value of 0.69 and a significance of 0.000. This imply that an increase in legislative framework practices such as adequacy of the guidelines provided in the legislative, agreement between internal policies and the law, agreement between existing regulations and international best practices and existing external legal environment positively and significantly influence in implementation of preference

and reservation scheme in State Corporations in Kenya. The findings are consistent with the findings of a study by Gatere and Shale (2014) which established that the implementation of access to government procurement opportunities for Special Interest groups in Kenya was affected by legal framework, funding, training and availability of information. Lastly, the study findings of the study showed that procurement staff professionalism had a positive and significant association with the implementation of preference and reservation scheme in State Corporations in Kenya as indicated by a Pearson coefficient of 0.601 and significance level of 0.000. This imply that an increase in professional competency, procurement staff customer handling skills, procurement staff code of conduct and procurement staff knowledge on procurement regulation positively and significantly influence the implementation of preference and reservation scheme in State Corporations in Kenya. The findings are consistent with the findings of a study by Onyinkwa (2014) concluded that professional ethical values, awareness and training influences the compliances of procurement regulations in public secondary schools.

### Regression Analysis

The study used a multivariate regression model to investigate the factors affecting implementation of preference and reservation scheme in State Corporations in Kenya. The study findings showed that Legislative framework, ICT, Organization culture and Procurement Staff Professionalism all contribute to 83.9% of the variation in the implementation of preference and reservation scheme in State Corporations in Kenya. This is shown by a by an R-square value of 0.839. Regression results also show that R was 0.916 that shows that the correlation between the independent variables and the dependent variable was positive.

**Table 8 Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.916	0.839	0.826	0.321118

The results of the study revealed that the overall regression model linking legislative framework, ICT, organization culture, procurement staff professionalism and the implementation of preference and reservation scheme in State Corporations in Kenya was significant as indicated by F statistic (4, 47) as indicated by (0.000) significance level which was less than 0.05 at 5% level of significance. F calculated is 61.372 while f critical is 2.570. F calculated is greater than the F critical (61.372>2.570), this showed that the overall model was statistically significant at 5% significance level. The results of the study are as shown in table 9.

**Table 9 ANOVA**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	25.314	4	6.328	61.372	.000b
	Residual	4.846	47	0.103		
	Total	30.16	51			

**Table 10 Regression Coefficients**

Variables	$\beta$	Std. Error	t	Sig.
(Constant)	3.111	0.448	6.952	0.000
Information Communication Technology	0.813	0.099	8.23	0.000



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Variables	$\beta$	Std. Error	t	Sig.
Procurement Staff Professionalism	0.418	0.129	3.241	0.002
Legislative framework	0.292	0.113	2.578	0.013
Organization culture	0.198	0.102	1.937	0.059

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The extent to which implementation of the preference and reservation procurement policy in State Corporations in Kenya by the variables was measured using Pearson Correlation. Bivariate correlation indicates the relationship between two variables. It ranges from 1 to -1 where 1 indicates a strong positive correlation and a -1 indicates a strong negative correlation and a zero indicates lack of relationship between the two variables. The closer the correlation tends to zero the weaker it becomes. The correlation between implementation of the preference and reservation procurement policy in State Corporations in Kenya and the independent variables was negative (0.311) and significant (0.00). This shows that an increase in independent variable leads to a decrease in implementation by (0.315). The summary of the results shown in Table 9 reveal that ICT positively and significantly influences implementation of preference and reservation scheme in State Corporations in Kenya ( $\beta = 0.813$ , Sig = 0.00). This implies that increase in the cost of setting up the ICT platform, compatibility issues of ICT infrastructure, availability of information on IT platforms, accessibility of information using online platforms and the cost of managing the ICT platforms leads to 0.813-unit influence in the implementation of preference and reservation scheme in State Corporations in Kenya. The study results are also consistent with the findings of a study by Nkonge and Ngugi (2014) which concluded that corporate governance, ICT, Financial resource availability and capacity building influences effective implementation of public procurement reforms in Kenya.

The findings also shows that procurement staff professionalism positively and significantly influence in the implementation of preference and reservation scheme in State Corporations in Kenya ( $\beta = 0.418$ , Sig = 0.002). This imply that an increase in professional competency, procurement staff customer handling skills, procurement staff code of conduct and procurement staff knowledge on procurement regulation leads to a 0.418 unit positive and significant effect in the implementation of preference and reservation scheme in State Corporations in Kenya. The findings agree with the findings of a study by Ngugi and Mugo (2012) which revealed that high compliance to procurement legislations could be achieved if qualified staff with high professional and ethical standards is employed. Moreover, the study findings indicated that organizational culture positively but insignificantly influence the implementation of preference and reservation scheme in State Corporations in Kenya ( $\beta = 0.198$ , Sig = 0.059). This means that increasing the increase in organizational culture practices such as organizational structure, ethical practice in the organization, top management support on implementation, bureaucracy in the organization and the organizational systems of operation leads to a 0.198 unit positive influence in the implementation of preference and reservation scheme in State Corporations in Kenya. The results are consistent with the findings of a study by Nduta, Ayuma, Langat, and Yego (2015) which established that there is a gap between government strategies on paper and actual implementation of these strategies.

Lastly, regression results revealed that legislative framework positively and significantly affect implementation of preference and reservation scheme in State Corporations in Kenya ( $\beta = 0.292$ , Sig = 0.013). This implies that

an increase in legislative framework practices such as adequacy of the guidelines provided in the legislative, agreement between internal policies and the law, agreement between existing regulations and international best practices and existing external legal environment leads to 0.292-unit positive influence in the implementation of preference and reservation scheme in State Corporations in Kenya.

### **Conclusion**

Following the results of the study, it is evident to conclude that Implementation of Preference and Reservation procurement policy in State Corporations in Kenya has been greatly affected by Information Communication and Technology; Procurement Staff Professionalism; Organizational Culture and legislative Framework. To meet the objectives of this policy there is need to take strategic measures this include improvement on Implementation of Information, Communication and Technology systems between the groups and state Corporations; Professional competency of the staff; development of implementation guidelines and a positive organizational culture. The study concluded that ICT positively and significantly affects implementation of preference and reservation scheme in State Corporations in Kenya. An increase in compatibility of ICT infrastructure, availability of information on IT platforms, accessibility of information using online platforms and the cost of managing the ICT platforms positively affect the implementation of preference and reservation scheme in State Corporations in Kenya.

Moreover, the study concluded that procurement staff professionalism positively and significantly affects the implementation of preference and reservation scheme in State Corporations in Kenya. An increase in professional competency, procurement staff customer handling skills, procurement staff code of conduct and procurement staff knowledge on procurement regulation positively affect implementation of preference and reservation scheme in State Corporations in Kenya. Further, the study concluded that organizational culture significantly and positively influences the implementation of preference and reservation scheme in State Corporations in Kenya. An increase in organizational culture practices such as organizational structure, ethical practice in the organization, top management support on implementation, bureaucracy in the organization and the organizational systems of operation positively affect the implementation of preference and reservation scheme in State Corporations in Kenya. Finally, the study concluded that legislative framework positively and significantly affects the implementation of preference and reservation scheme in State Corporations in Kenya. An increase in legislative framework practices such as adequacy of the guidelines provided in the legislative, agreement between internal policies and the law, agreement between existing regulations and international best practices and existing external legal environment positively affect the implementation of preference and reservation scheme in State Corporations in Kenya.

### **Recommendations of the Study**

The study recommends Kenya Railways Corporation to improve on compatibility of ICT infrastructure. There is also need to avail information on IT platforms. There is also need for accessibility of information using online platforms by targeted groups. The study further recommends for reduction in the cost of managing the ICT platforms interfaces. The study recommends for increased training and improvement of professional competency on part of procurement staff.

There is also need for procurement staff to have a good customer handling skills to attract participation of special group firms. The procurement staff should also adhere to the organisation and procurement professional code of conduct. The study recommends the Kenya Railways Corporation to put in place proper organizational structure. There is also need for improvement in ethical practice in the organization. The study recommends for continued top management support on implementation of the policy. There is also need for fewer levels of bureaucracy structures in the organization. The study recommends for leaner organization systems of operation.

The study recommends the Kenya Railways Corporation to develop adequate internal guidelines to support the existing legislative framework. There is also need for harmonization of internal policies with the Procurement Law and international best practices.

### **Conflict of Interest**

No potential conflict of interest was reported by the authors.

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