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DETERMINANTS OF IMPLEMENTATION OF PUBLIC PROCUREMENT PREFERENCE AND RESERVATION POLICY AT AGRICULTURE AND FOOD AUTHORITY, KENYA

¹Tomno, K. & ²Gichana, J.O.

^{1&2} Department of Entrepreneurship and Procurement
Jomo Kenyatta University of Agriculture and Technology, Kenya
Corresponding Author Email: tomnoraymond@yahoo.com

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ABSTRACT

The Transparency International report indicates that women, youth and people living with disabilities constitute over eighty five percent of the entire population yet they contribute less than ten percent of public procurement involvement thus it hampers economic growth and achievement of vision 2030. This non-compliance provided an impetus to investigate the factors affecting implementation of preference and reservation policy in the public sector. Specifically, the study established the influence of supplier development, staff capacity, institutional and regulatory framework and ICT on implementation of Public Procurement Preference and Reservation Policy in the public sector in Kenya focusing on the Agriculture and Food Authority. The study adopted descriptive research design. The study focused on all the 8 directorates. From the directorates, a total of 73 employees from the IT, Finance and Corporate departments of all the 8 directorates were targeted.



A questionnaire was used to collect primary data which was analyzed through descriptive and inferential statistics through Statistical Package for Social Sciences version 22. The findings established that supplier development, staff capacity, institutional and regulatory framework and ICT have a positive and significant influence on implementation of Public Procurement Preference and Reservation Policy in the public sector in Kenya. The findings led to the recommendation that public parastatals should enhance their supplier development programmes in order to improve implementation of the policy ; public parastatals should develop their staff capacity in order to improve implementation of the policy ; public parastatals should develop effective and supportive institutional framework in order to improve implementation of the policy ; public parastatals should develop their ICT infrastructure to be used in procurement functions in order to improve implementation of the policy.

Key Words: *Supplier Development, Staff Capacity, Institutional and Regulatory Framework, ICT, Public Procurement Preference and Reservation Policy*

BACKGROUND OF THE STUDY

Public procurement is a significant activity in the developing world and governments are significant buyers of goods and services. 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 (Organisation for Economic Co-operation and Development, 2010). The size of public procurement in Africa is thought to be between 9% and 13% of gross domestic product and as much as 20% of gross domestic product (GDP) in other developing economies. Governments are also active, major participants in the market. Each year, governments spend trillions of dollars buying goods, services, and works (Anderson, Pelletier, Osei-Lah & Müller, 2011). Public procurement is estimated to comprise as much as 10–15% of the gross domestic product in developed countries and 30–40% in developing countries (Kirton, 2013).

The public procurement market in Kenya like other countries worldwide deals with a wide range of supplies. Though these contracts vary mainly in size, some are clearly within the capabilities of special groups. However, the special groups, that is, women and the youth and persons with disabilities are sidelined from participating in public procurement despite their qualifications, sizes and level of their production and contribution to the economy (Afande, 2015). The government has however according to Article 55 of the Constitution of Kenya taken measures, including affirmative action programmes, to ensure that the youth access relevant education and training; have opportunities to associate, be represented and participate in political, social, economic and other spheres of life. The government of Kenya has in furtherance to the constitutional provisions launched the “Youth Access to Government Procurement Opportunities” (YAGPO) which is aimed at creating awareness amongst the youth and the general public on the opportunities available in public procurement (Thairu & Chirchir, 2016).

The government of Kenya’s initiative to help foster economic growth through development of small and medium enterprises run by women and the youth and persons with disabilities by providing them a minimum percentage of 30% of the procurement budget. However, it has uncovered a range of problems including administrative issues with e-procurement systems, cancelled tenders and exclusive contract conditions. The Vision 2030, the blueprint of the country’s development, has clearly articulated the need to support small and medium enterprises which account for 20% of the country’s gross domestic product (RoK, 2011). It is now widely recognized that women and youth owned businesses have



an important role to play in the growth and development of countries through job creation and distribution of the benefits of economic development. Even more importantly the sector can help boost productivity by increasing competitive pressure within the economy. The special groups participation in public procurement has been used in several countries to create markets for their goods and services (Lagat, Namusonge & Berut, 2016).

The participation of this group however faces challenges including; competition from large firms, accessing information, low quality service and products due to financial constraints and finally, interference from scrupulous middle-men to then sub-contract to them (Odhiambo & Kamau, 2013). This lack of success in implementation of the procurement reservation and preference policy in the public sector is a question that needs to be addressed. 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 (RoK, 2013). Lack of employable and entrepreneurial skills are some of the most critical issues faced in public procurement by communities of people with disabilities and society as a whole. As a result, disabled people are generally exempted from government procurement, hampering their overall economic freedom (RoK, 2013). Ensuring that young people are successfully integrated into the economy by procurement increases the productivity of Kenya, raises household incomes, decreases poverty, and generates an investment and growth circle.

STATEMENT OF THE PROBLEM

According to the Kenya National Bureau of Statistics (2019), in Kenya special groups (women, youth and people living with disabilities) constitute of over 85% of the entire population yet they contribute to less than 10% of public procurement involvement thus it hampers economic growth and achievement of vision 2030. The Preference and Reservation Procurement policy requires at least 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). Gichio (2015) argues that many factors have been linked to the challenges in the implementation of Public Procurement Preference and Reservation Policy such as poorly coordinated supplier development, availability of information to the youth and women, unsupportive legal and institutional framework where decision making is centralized, challenges in adoption of technology, lack of political goodwill, lack of top management support and poor organizational culture and structures.

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. Transparency international (2013), also indicated that the government is losing millions of shillings through fresh scandals that involve inflation of costs by its suppliers. A report by Transparency International Report revealed that public procurement in Kenya is marred by high levels of non-compliance and inconsistencies with procurement law, in particular the Public Procurement and Disposal Act, 2005 (Gichio, 2015). This non-compliance provided an impetus to investigate the factors affecting implementation of preference and reservation policy in the public sector.



OBJECTIVES OF THE STUDY

- i. To establish the influence of supplier development on implementation of Public Procurement Preference and Reservation Policy at Agriculture and Food Authority
- ii. To determine the influence of staff capacity on implementation of Public Procurement Preference and Reservation Policy at Agriculture and Food Authority
- iii. To find out the influence of institutional and regulatory framework on implementation of Public Procurement Preference and Reservation Policy at Agriculture and Food Authority
- iv. To examine the influence of ICT on implementation of Public Procurement Preference and Reservation Policy at Agriculture and Food Authority

THEORETICAL REVIEW

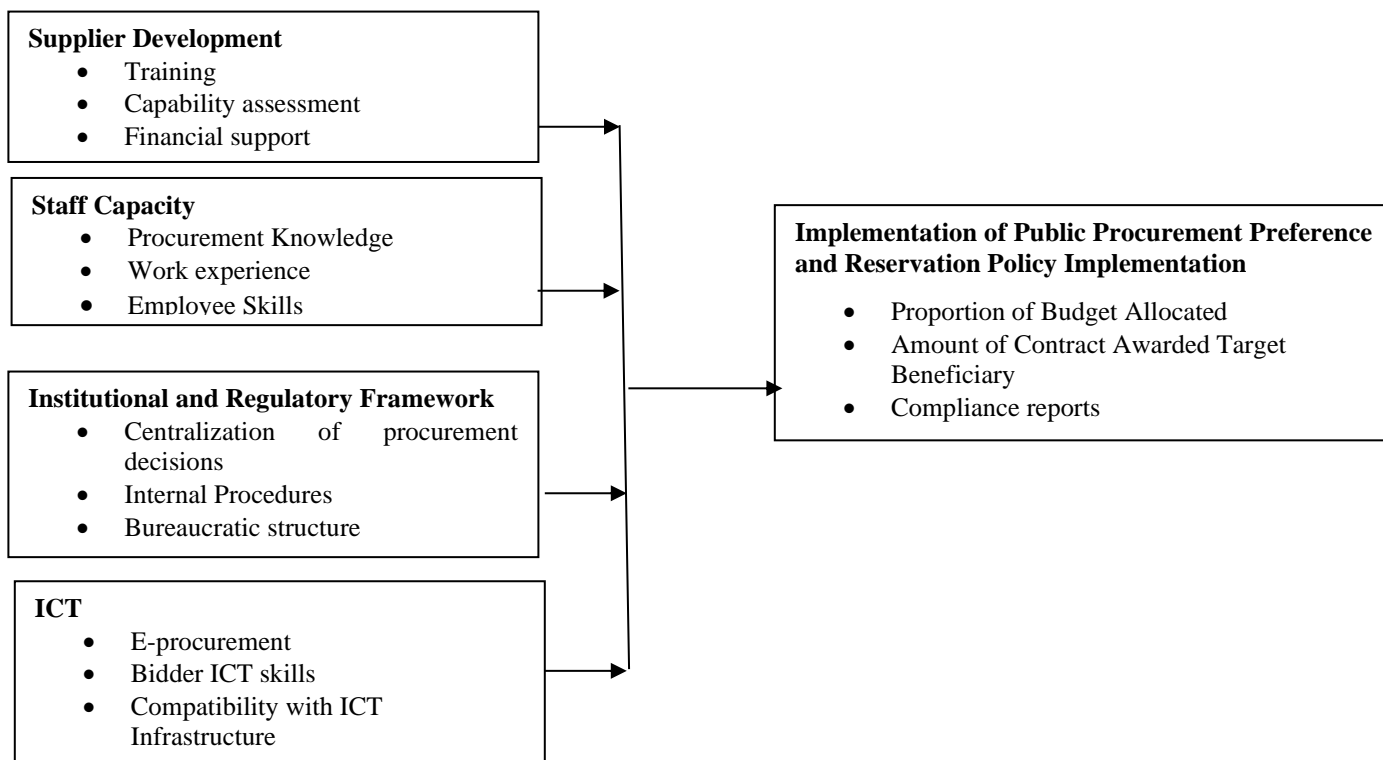
The theoretical framework informing the theme of the study comprised of the following theories: Institutional Theory, Public Interest Theories of Regulation and Social–Economic Theory. Researchers that is, Meyer and Rowan (1991), DiMaggio and Powell (1983) are the main proponents of institutional theory. The basic concepts and premises of the institutional theory approach provide useful guidelines for analyzing organization-environment relationships with an emphasis on the social rules, expectations, norms, and values as the sources of pressure on organizations. The theory documents that institutional environment can strongly influence the development of formal structures in an organization, often more profoundly than market pressures. Innovative structures that improve technical efficiency in early-adopting organizations are legitimized in the environment. 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.

Arrow (1985) proposed the Public Interest Theories of Regulation which account for regulation from the point of view of fulfilling public interest. This public interest can be further described as the best possible allocation of scarce resources for individual and collective goods. Most western countries have attributed the allocation of scarce resources to a significant extent as coordinated by the market mechanism (Arrow, 1985). Because these conditions are frequently not adhered to in practice, the allocation of resources is not optimal and a demand for methods for improving the allocation arises. One of the methods of achieving efficiency in public procurement is government regulation (Thairu & Chirchir, 2016). According to public interest theory, government regulation is the instrument for overcoming the disadvantages of imperfect competition, unbalanced market operation, missing markets and undesirable market results (Thairu *et.al* 2016). Public interest theories of regulation were relevant to the current study as they emphasized government regulation as the instrument for overcoming the disadvantages of imperfect competition, unbalanced market operation, missing markets and undesirable market results for the special interest groups and therefore aides in implementation of preference and reservation procurement policy at AFA. Public interest theories of regulation therefore underpinned the role of institutional framework on implementation of preference and reservation policy.



The Social- Economic Theory proposed by Sutinen and Kuperan (1999) focuses on the link and relations between an entity and the society, provides a sufficient and superior lens for understanding public procurement system (Tukamuhabwa, 2012). The rules and regulations established by the government to guide procurement procedures and conduct of procurement professionals acts an antecedent for individuals to comply with the standards established (Tukamuhabwa, 2012). This theory was relevant to the study since it argues that preference and reservation procurement policies in Kenya are guided by rules and regulations provided in Public Procurement and Disposal Act, 2005 and The Public Procurement and Disposal (Preference and Reservations) Regulations, 2011. The implementation of 30% of procurement opportunities to youth, women and persons with disabilities is guided by Government directive issued in the year 2013 to all the public entities for compliance and implementation. This theory therefore aided in understanding the relevance of implementation of preference and reservation procurement policies.

CONCEPTUAL FRAMEWORK



Independent Variables

Dependent Variable

Figure 1 : Conceptual Framework



EMPIRICAL REVIEW

Isika (2016) conducted a study aimed at defining the supplier relationship strategies commonly used by Sports Kenya and to establish the relationship between supplier relationship management strategies and procurement performance of Sports Kenya and established that supplier segmentation strategy contributes most to the procurement performance followed by supplier performance management strategy. Sports Kenya has categorized suppliers based on well-defined classes. Omondi (2015) conducted a study to establish perceived buyer-supplier relationships and performance among large scale retail outlets in Kisumu, Kenya and indicated that well managed supplier relationships led to reduced costs which further positively affected performance.

A study conducted by Lin and Lee (2007) revealed that implementing of procurement legislation needs skill and knowledge to operate in the organizations and most organizations do not implement it because organizations' employees are not conversant with new technology. According to Thai (2008), the quality of procurement and procurement related workforce influences the efficiency of the procurement process and the degree of compliance to procurement laws, regulations and policies. The number of staff in the procurement function in an organization should be sufficient for the procurement task in a specific procurement entity. Ombuki, Arasa, Ngugi, and Muhwezi, (2014) conducted a study on determinants of procurement regulatory compliance by Kenya's public universities. The study findings indicate that political factors influence most the regulatory compliance in the public university procurement in Kenya.

Gatere and Shale (2014) examined the challenges affecting the implementation of access to government procurement opportunities for Special Interest groups in Kenya and 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. Nkonge and Ngugi (2014) examined constraints of effective implementation of public procurement reforms in Kenya with special reference to Nairobi City County and revealed that inadequate training programs and low level of adoption of modern technology minimized procurement operation efficiency. Owili (2013) carried a study on how transaction costs are affected by the implementation of e-procurement among the NGOs in Kenya. The research concluded that there is correlation between the implementation of e-procurement and transaction cost; this implies that NGOs which have implemented e-procurement have realized reduced costs for various procurement processes.

RESEARCH METHODOLOGY

The study adopted a descriptive research design. The unit of analysis was the Agriculture and Food Authority in Kenya. The unit of observation were managers / sectional heads from the IT department, Finance department, Corporate section and procurement department of all the eight directorates namely the Coffee Directorate, Sugar Directorate, Tea Directorate, Nuts and other Oil Crops Directorate, Fibre Directorate, Pyrethrum and other Industrial Crops Directorate, Food Crops Directorate and the Horticultural Crops Directorate that make up AFA as well as the headquarters of AFA in Nairobi. In total, 73 respondents were targeted by the study. The target population was as indicated in Table 1.



Table 1 Target Population

Directorate	Population	Percentage
Coffee Directorate	5	7
Sugar Directorate	8	11
Tea Directorate	4	5
Nuts and other Oil Crops Directorate	5	7
Fibre Directorate	3	4
Pyrethrum and other Industrial Crops Directorate	4	5
Food Crops Directorate	2	3
Horticultural Crops Directorate	17	23
AFA Headquarters	25	34
Total	73	100

Source: Human Resource Report AFA (2018)

Since the target population under this study was small, a census approach was adopted. A census according to Gall, Gall & Borg (2013), is suitable when a target population is below 200. It is important in ensuring that there is no bias caused by sampling. Due to this, this study adopted a census. The study used a structured questionnaire to collect quantitative data. However, before using the questionnaire, it was pilot tested for reliability and validity. A pilot was conducted on 7 respondents who were not included in the main survey. The 7 respondents made up 10% of the target size and this was justifiable by Saunders, Lewis and Thornhill (2009) who argued that a percentage between 1% and 10% of the sample size is suitable to be used in a pilot study. The researcher used the most common internal consistency measure known as Cronbach's Alpha (α) which was generated by SPSS Version 22. It indicates the extent to which a set of test items can be treated as measuring a single latent variable (Cronbach, 1951). The recommended value of 0.7 was used as a cut-off of reliability for this study. Table 2 shows the reliability results demonstrating that the tool was reliable.

Table 2: Reliability Test Results

Variable	Cronbach's Alpha	Number of Items	Comment
Supplier Development	0.784	5	Reliable
Staff Capacity	0.716	5	Reliable
Institutional Framework	0.824	4	Reliable
Information Communication Technology	0.789	5	Reliable
Implementation of Public Procurement Preference and Reservation Policy	0.862	5	Reliable



In order to test and enhance the content validity of the questionnaire, the questionnaire was administered to industry experts and the research supervisor who went through the questionnaire to enhance validity. Content validity was also enhanced by conducting literature review to ensure that the sub constructs of the variables of this study fell within theory. The study used quantitative techniques in analyzing the data. Descriptive analysis was employed; which include; mean standard deviations and frequencies/percentages. Inferential statistics such as correlation and regression analysis were used. A multiple linear regression model was used to test the significance of the influence of the independent variables on the dependent variable. The multiple regression model was laid as below:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where:

Y = Implementation of the Public Procurement Preference and Reservation Policy; X₁ = Supplier Development; X₂ = Staff Capacity; X₃ = Institutional and Regulatory Framework; X₄ = Information Communication Technology; ε is error term; β_0 represents the constant and $\beta_{1, 2, 3, 4}$ are regression coefficients

RESEARCH FINDINGS AND DISCUSSION

The study targeted a total of 73 respondents and a total number of 54 questionnaires out of those administered were responded to and that gave a response rate of 74%. This response rate is considered satisfactory since Smith (2015) indicated that a response rate above 50% is satisfactory for a survey.

Demographic Characteristics

The respondent's demographic information was provided and presented in this sub section. The study described the respondent's highest level of education, department and number of years in their current position. Table 3 shows the results.

Table 3 Demographic Characteristics

Factor	Category	Percentage
Highest Level of Education	College	15%
	University	85%
Respondent's Number of Years in Current Position	Below 1 Year	3%
	1 to 2 Years	7%
	3 to 5 Years	34%
	More than 5 Years	56%

It was established that majority of the respondents, 85%, had university level of education as their highest education level while 15% had college level of education. The findings reveal that the study respondents were literate with high intellectual capacity and were in a position to attend to the questionnaires on their own. It was also shown that 56% of them had been in their position for a period above 5 years, 34% had been in their position for a period between 3 and 5 years while those who had been in their positions for a period below 2 years were 7%. The findings indicate that the respondents had institutional knowledge since they had been in their position for more than 3 years. The information



collected can therefore be deemed insightful.

Descriptive Statistics

The study used a Likert scale questionnaire to establish the opinions of the respondents on each of the variables of the study. This section gives a summary of the mean response and its standard deviation on each of the statements per objective.

Descriptive Statistics of Supplier Development

The respondents were asked to rate statements on supplier development on a Likert scale. Their mean responses are shown in Table 4. It was revealed that the respondents agreed that the organization conducts training and sensitization forum for the disadvantaged groups (Mean = 4.63), vet suppliers to determine their capacity to supply (Mean = 3.26) and has in place mechanism for assessing quality standards before acceptance of goods and service (Mean = 4.44). The respondents were however neutral on whether the organization supports LPO financing (Mean = 4.78) and whether it conducts supplier performance evaluation on these suppliers to establish their weak points (Mean = 3.07). On average, there was an agreement that supplier development is normally conducted by AFA (Average Mean = 4.08). The responses were not widely varied as shown by a standard deviation of 0.74. The findings agree with Isika (2016) who indicated that supplier development practices such as training were essential in improving adherence to procurement policies and enhancing procurement performance.

Table 4 Descriptive Statistics of Supplier Development

Statement	Mean	Standard Deviation
The organization conducts training and sensitization forum for the disadvantaged groups	4.63	0.78
The organization supports LPO financing	4.78	0.67
The organization vet suppliers to determine their capacity to supply	3.26	1.15
The organization conducts supplier performance evaluation to establish their capacity	3.07	1.26
The organization has in place mechanism for assessing quality standards before acceptance of goods and service	4.44	0.50
Average	4.08	0.74

Descriptive Statistics of Staff Capacity

The respondents were also asked to rate statements on staff capacity on a Likert scale. Their mean responses are shown in Table 5. The study established an agreement that the employees have the required procurement skills to manage public procurement functions (Mean = 4.17), the employees have the capability to manage public procurement functions (Mean = 3.67) and that procurement staff have the integrity threshold required by the profession to manage procurement activities (Mean = 4.30). The respondents also agreed that the Procurement staff adheres to the code of conduct in their



operation (Mean = 4.44) and have the knowledge required on procurement regulation (Mean = 4.48). On average, it was agreed that the procurement staff have the capacity (skills, professionalism and knowledge) to manage procurement functions at AFA (Average Mean = 4.21). The standard deviation of 0.99 indicated that the variation in the responses on staff capacity was small. The findings are consistent with the findings of Lin and Lee (2007) which revealed that implementing of procurement legislation needs skill and knowledge.

Table 5 Descriptive Statistics of Staff Capacity

Statement	Mean	Standard Deviation
The employees have the required procurement skills to manage public procurement functions	4.17	1.26
The employees have the capability to manage public procurement functions	3.67	1.48
Procurement staff have the integrity threshold required by law to manage procurement activities	4.30	1.21
The Procurement staff adheres to the code of conduct in their operation	4.44	0.50
The procurement staff have the knowledge required on procurement regulation	4.48	0.50
Average	4.21	0.99

Descriptive Statistics of Institutional and Regulatory Framework

The respondents were also asked to rate statements on institutional and regulatory framework on a Likert scale. Their mean responses as shown in Table 6 indicated that the respondents agreed that their organization's bureaucratic set up is flexible to manage public procurement issues (Mean = 3.78) and that there is an alignment between institution's internal procurement policies and the PPAD, Act 2015 (Mean = 4.22). The respondents also agreed that there is a similarity between existing regulations on preference and reservation Law and international best practices (Mean = 3.61) however strongly disagreed that internal operation policies such as centralization of procurement decisions promotes access by disadvantaged groups based outside Nairobi (Mean = 2.48). On average, there was an agreement on the statements on institutional and regulatory framework including flexible bureaucratic framework and alignment of procurement regulations (Average Mean = 3.52). There was a standard deviation of 1.04 which showed that the variation in the responses given was not much varied. The findings are consistent with the findings of a study by Ombuki, Arasa, Ngugi, and Muhwezi (2014) which established that better institutional framework was a key factor to implementing procurement legislations.



Table 6 Descriptive Statistics of Institutional and Regulatory Framework

Statement	Mean	Standard Deviation
The organization's bureaucratic set up is flexible to manage public procurement issues	3.78	1.36
There is an alignment between institution's internal procurement policies and the PPAD, Act 2015	4.22	1.11
There is similarity between existing regulations on preference and reservation Law and international best practices	3.61	1.21
Internal operation policies such as centralization of procurement decisions promotes access by disadvantaged groups based outside Nairobi	2.48	1.23
Average	3.52	1.23

Descriptive Statistics of Information Communication Technology

The respondents were also asked to rate statements on Information Communication Technology on a likert scale. Their mean responses as shown in Table 7 indicated an agreement that the budget of setting up the ICT platform has been provided by the institution (Mean = 4.63), the existing ICT infrastructure is adequate and user friendly (Mean = 4.78) and that the tenderers are able to access tender information using online platforms all the time (Mean = 4.56). The findings also revealed that the respondents strongly disagreed that the institution supports and accept online application of tenders through email (Mean = 2.31) and mostly disseminates tender information through Supplier portals (Mean = 4.48). On average, there was an agreement on development of ICT to promote effective procurement performance at AFA through investment in ICT infrastructure (Average Mean = 4.60). The findings indicated low variation in the responses as shown by a low standard deviation of 0.54. The findings are consistent with the findings of Nkonge and Ngugi (2014) which revealed that counties are focusing on investing in ICT in order to boost its compliance with procurement regulations.

Table 7 Descriptive Statistics of Information Communication Technology

Statement	Mean	Standard Deviation
The budget of setting up the ICT platform has been provided by the directorates	4.63	0.78
The existing ICT infrastructure is adequate and user friendly	4.78	0.42
The tenderers are able to access tender information using online platforms all the time	4.56	0.50
The institution supports and accept online application of tenders through email	2.31	1.24
The institution mostly disseminates tender information through Supplier portals and websites	4.38	0.65
Average	4.13	0.72



Descriptive Statistics of Implementation of Public Procurement Preference and Reservation Policy

The respondents were also asked to rate statements on Implementation of Public Procurement Preference and Reservation Policy on a Likert scale. The findings are presented in Table 8. It was established that majority of the respondents indicated that allocation of adequate budget for the procurements opportunities for the disadvantaged is conducted to a high extent (Mean = 4.63), compliance with quarterly reporting on procurement opportunities afforded to the disadvantaged groups is conducted to a high extent (Mean = 4.48) and that frequency of supplier performance evaluation of the authority’s suppliers is conducted to a high extent (Mean = 4.67). The findings also showed that supplier’s development of the disadvantaged groups through training and organizing sensitization forums is conducted to a high extent (Mean = 3.94) and that the frequency of complains from suppliers on unfair distribution of procurement opportunities and existing feedback mechanism is conducted to a high extent (Mean = 3.54). The findings indicated that on average, the implementation of public procurement preference and reservation policy is conducted to a high extent (Average Mean = 4.25). A small variation was also shown in the responses as shown by a small standard deviation of 0.89.

Table 8 Descriptive Statistics of Implementation of PPPR Policy

Statement	Mean	Standard Deviation
Allocation of adequate budget for procurements opportunities for disadvantaged group	4.63	0.78
Compliance with quarterly reporting on procurement opportunities afforded to the disadvantaged groups	4.48	0.86
Frequency of supplier performance evaluation of the authority’s suppliers	4.67	0.55
Suppliers development of the disadvantaged groups through training and organizing sensitization forums	3.94	0.76
Frequency of complains from suppliers on unfair distribution of procurement opportunities and existing feedback mechanism	3.54	1.49
Average	4.25	0.89

Correlation Analysis

Correlation analysis was conducted to establish the strength of the relationship between supplier development, staff capacity, institutional framework as well as ICT and implementation of Public Procurement Legislation Preference and Reservations Policy. The findings are presented in Table 9. It was shown that supplier development has a positive and significant correlation with implementation of Public Procurement Legislation Preference and Reservations Policy at AFA ($r = 0.517$, $Sig < 0.05$). This implies that an increase in supplier development is associated with an increase in implementation of Public Procurement Legislation Preference and Reservations Policy at AFA. The findings of the study agree with the findings of Isika (2016) who indicated that supplier relationship management and supplier development were key strategies in managing procurement performance.

The findings also indicated that staff capacity has a positive and significant correlation with implementation of Public Procurement Legislation Preference and Reservations Policy at AFA ($r = 0.209$, $Sig < 0.05$). This implies that an increase in staff capacity is associated with an increase in implementation of Public Procurement Legislation Preference and



Reservations Policy at AFA. The findings are consistent with the findings of Mburu (2012) which revealed the importance of staff capacity in implementation of PPDA and indicated that a number factors that inhibited implementation of PPDA, ranged from budgetary restrictions, external pressures, project approval, professionalism, record keeping, donor conditions and procurement planning.

It was also established that institutional and regulatory framework has a positive and significant correlation with implementation of Public Procurement Legislation Preference and Reservations Policy at AFA ($r = 0.325$, $Sig < 0.05$). This implies that an improvement in the institutional and regulatory framework is associated with an increase in implementation of Public Procurement Legislation Preference and Reservations Policy at AFA. The findings are consistent with Gatere and Shale (2014) who revealed 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. The findings also showed that ICT has a positive and significant correlation with implementation of Public Procurement Legislation Preference and Reservations Policy at AFA ($r = 0.528$, $Sig < 0.05$). This implies that an improvement in ICT is associated with an increase in implementation of Public Procurement Legislation Preference and Reservations Policy at AFA. The findings are consistent with Ngure and Simba (2015) who indicated that an efficient tendering process would be facilitated through use of ICT system and web-based procurement processes this would promote greater implementation and access to government procurement opportunities for Special Interest groups in Kenya.

Table 9 Correlation Analysis

		Supplier Development	Staff Capacity	Institutional and regulatory Framework	ICT	Implementation
Supplier Development	Pearson Correlation	1				
Staff Capacity	Pearson Correlation	0.107	1			
Institutional and Regulatory Framework	Pearson Correlation	0.035	0.163	1		
ICT	Pearson Correlation	0.136	0.046	.393**	1	
Implementation	Pearson Correlation	.517*	0.209*	.325*	.528*	1
	Sig. (2-tailed)	0.000	0.043	0.016	0.000	
	N	54	54	54	54	54
* Correlation is significant at the 0.05 level (2-tailed).						



Regression Analysis

A regression analysis was adopted by the study to determine the relationship between supplier development, staff capacity, institutional and regulatory framework as well as ICT and implementation of Public Procurement Legislation Preference and Reservations Policy. The findings indicated the model summary, ANOVA and model coefficients. The model summary findings in Table 10 indicate that the joint correlation between supplier development, staff capacity, institutional framework as well as ICT and implementation of Public Procurement Legislation Preference and Reservations Policy was positive and strong ($R = 0.745$). This implies that these factors improve implementation of the policy. The findings also showed that the R-square which shows the percentage in variation of implementation of Public Procurement Legislation Preference and Reservations Policy accounted for by supplier development, staff capacity, institutional and regulatory framework as well as ICT was 0.556. This means that supplier development, staff capacity, institutional framework as well as ICT account for a percentage of 55.6% of the variation in implementation of Public Procurement Legislation Preference and Reservations Policy at AFA and the remaining percentage (44.4%) is accounted for by other factors not captured in this study.

Table 10 Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
.745	0.556	0.519	0.3055
Predictors: (Constant), ICT, Staff Capacity, Supplier Development, Institutional and Regulatory Framework			

The fitness of the regression model was determined through ANOVA analysis as shown in Table 11. The findings indicated that the model was fit as shown by a significant F statistic ($Sig < 0.05$). This implies that the model was suitable in predicting implementation of Public Procurement Legislation Preference and Reservations Policy given ICT, Staff Capacity, Supplier Development and institutional and regulatory framework.

Table 11 ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Regression	5.72	4	1.43	15.322	.000
Residual	4.573	49	0.093		
Total	10.293	53			
Dependent Variable: Implementation of Public Procurement Legislation Preference and Reservations Policy					
Predictors: (Constant), ICT, Staff Capacity, Supplier Development, institutional and regulatory framework					

The specific objectives were tested based on the beta coefficients findings shown in Table 12. The findings revealed that supplier development has a positive and significant influence on implementation of Public Procurement Legislation Preference and Reservations Policy ($B = 0.435$, $Sig < 0.05$). The findings imply that holding other factors constant, a unit increase in supplier development leads to an increase in implementation of Public Procurement Legislation Preference



and Reservations Policy by 0.435 units. This is consistent with Omondi (2015) who showed that well managed supplier relationships led to reduced costs which further positively affected procurement performance.

The findings also indicated that staff capacity has a positive and significant influence on implementation of Public Procurement Legislation Preference and Reservations Policy (B = 0.132, Sig < 0.05). The findings imply that holding other factors constant, a unit increase in staff capacity leads to an increase in implementation of Public Procurement Legislation Preference and Reservations Policy by 0.132 units. The findings are consistent with the findings of a study by Onyinkwa (2013) which indicated that adequate training of tendering committee members on procurement procedures has contributed to compliance of procurement regulations in the public sector in Kenya. It was also established that institutional and regulatory framework has a positive and significant influence on implementation of Public Procurement Legislation Preference and Reservations Policy (B = 0.143, Sig < 0.05). The findings imply that holding other factors constant, a unit improvement in institutional and regulatory framework leads to an increase in implementation of Public Procurement Legislation Preference and Reservations Policy by 0.143 units. The findings agree with the findings of Thairu and Chirchir (2016) who analyzed the implementation of preference and reservations policy in public procurements by state owned enterprises in Kenya and established that the effects of institutional challenges on implementation were found to be statistically significant factors.

The study also indicated that ICT has a positive and significant influence on implementation of Public Procurement Legislation Preference and Reservations Policy (B = 0.823, Sig < 0.05). The findings imply that holding other factors constant, a unit increase in ICT leads to an increase in implementation of Public Procurement Legislation Preference and Reservations Policy by 0.823 units. The findings are consistent with the findings of a study by Lagat, Namusonge and Berut (2016) which indicated that implementation of the special needs policy can be a success if the people with special needs have information which can be disseminated far and wide through adoption of ICT.

Table 13 Model Coefficients

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.332	1.024		2.278	0.027
Supplier Development	0.435	0.085	0.497	5.108	0.000
Staff Capacity	0.132	0.06	0.216	2.226	0.031
Institutional and Regulatory Framework	0.143	0.066	0.229	2.165	0.035
ICT	0.823	0.227	0.381	3.623	0.001
Dependent Variable: Implementation of Public Procurement Legislation Preference and Reservations Policy					



CONCLUSIONS

The study concludes that conducting supplier development through having training and sensitization forum for the disadvantaged groups, vetting suppliers to determine their capacity to supply, assessing quality standards before acceptance of goods and service, offering financial support to special groups in terms of LPO financing and conducting supplier performance evaluation on suppliers to establish their weak points leads to a significant improvement in implementation of Public Procurement Legislation Preference and Reservations Policy. Another conclusion is that having employees who have the required procurement skills to manage public procurement functions, capability to manage public procurement functions, integrity threshold required by law to manage procurement activities, procurement staff who adheres to the code of conduct in their operation and have the knowledge required on procurement regulation leads to a significant improvement in implementation of Public Procurement Legislation Preference and Reservations Policy.

The study also concludes that having a flexible organization's bureaucratic set up to manage public procurement issues, aligning institution's internal procurement policies and the PPAD, Act 2015, having a similarity between existing regulations on preference and reservation Law and international best practices as well that internal operation policies such as centralization of procurement decisions leads to a significant improvement in implementation of Public Procurement Legislation Preference and Reservations Policy. The study further concludes that providing a budget of setting up the ICT platform, having adequate ICT infrastructure, placing procurement and tender information online for those tender appliers to download and supporting and accepting online application of tenders through email leads to a significant improvement in implementation of Public Procurement Legislation Preference and Reservations Policy.

RECOMMENDATIONS

Based on the findings that supplier development significantly improves implementation of Public Procurement Legislation Preference and Reservations Policy, the study recommends that public parastatals should enhance their supplier development programmes in order to improve implementation of the policy. This can be done by conducting supplier development through having training and sensitization forum for the disadvantaged groups, vetting suppliers to determine their capacity to supply, assessing quality standards before acceptance of goods and service, offering financial support to special groups in terms of LPO financing and conducting supplier performance evaluation on suppliers to establish their weak points. Based on the findings that staff capacity significantly improves implementation of Public Procurement Legislation Preference and Reservations Policy, the study recommends that public parastatals should develop their staff capacity in order to improve implementation of the policy. They can do that by having employees who have the required procurement skills to manage public procurement functions, capability to manage public procurement functions, integrity threshold required by law to manage procurement activities, procurement staff that adheres to the code of conduct in their operation and have the knowledge required on procurement regulation.

Since it was established that institutional and regulatory framework significantly improves implementation of Public Procurement Legislation Preference and Reservations Policy, the study recommends that public parastatals should develop effective and supportive institutional framework in order to improve implementation of the policy. They can do this by putting in place flexible organization's bureaucratic set up to manage public procurement issues, aligning institution's internal procurement policies and the PPAD, Act 2015, having a similarity between existing regulations on preference and reservation Law and international best practices as well that internal operation policies such as



centralization of procurement decisions.

Since it was established that ICT significantly improves implementation of Public Procurement Legislation Preference and Reservations Policy, the study recommends that public parastatals should develop their ICT infrastructure to be used in procurement functions in order to improve implementation of the policy. They can do that by providing a budget of setting up the ICT platform, having adequate ICT infrastructure, placing procurement and tender information online for those tender appliers to download and supporting and accepting online application of tenders through emails.

CONFLICT OF INTEREST

No potential conflict of interest was recorded by the authors.

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