

DETERMINANT OF PROCUREMENT LAW COMPLIANCE IN PUBLIC INSTITUTIONS IN KENYA. (A CASE OF NATIONAL YOUTH SERVICE)

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Abstract: The general objectives of this project was to evaluate the determinant of procurement law compliance in public institutions in Kenya in the context of National Youth Service. The study was guided by the following specific objectives: procurement ethics, staff training, staff competency and top management support. The major theories that the study covered included Ethics Based Theory, Competency Theory, Resource Based View and Ladder of Participation Theory. The study used descriptive design because it enhanced systematic description that was as accurate, valid and reliable as possible regarding the responses. This population comprised of 200 respondents that was drawn from procurement, finance and members of the tender committee. The officers included in the study were senior finance officer, the senior procurement officer, procurement officers, receiving clerks and store clerks. This study utilized a sample size of 60. The use of 60 respondents in the study was justified as it was in line with the recommendations of Mugenda and Mugenda (2009) who indicated that a descriptive study should include at least 30% of the total population. Since the sample size of 60 will represent 30% of the population it was deemed appropriate. The researcher used questionnaires and secondary data as the research instrument to gather the relevant information needed related to the study. The study involved use of professionals and experts to test the validity of questionnaire by trying to assess what concept the instrument was trying to measure and the accuracy of representation of the concept under research. The quantitative data was analyzed using descriptive statistics. In addition the study used multiple regression analysis to analyze the data

Keywords: procurement ethics, staff training, staff competency and top management support.

1. INTRODUCTION

Procurement entity of any organization plays a very important role in the performance of the organization. However, in most Government institutions, procurement of goods and services has been negatively affected by various factors that lead to delays in procurement and procurement of sub-standard or unwanted goods and services. It is worth noting that for any organization to realize its objectives, the procurement entity must be effectively managed. Procurement in Kenya suffers from poor performance characterized by red tape measures, on- compliance to the Act, overpricing, poor planning, poor contract management, inadequate transparency and accountability, material redundancy and corruption (Ondieki, 2015)

Problem Statement

The aim of the Public Procurement Regulations of 2006 was to promote fairness, transparency and non-discrimination in procurement in public institutions with the main aim of ensuring efficient use of public funds. However, studies reveal that even after the enactment of the Regulations, there are losses of public funds that can be attributed to public procurement. According to the country's Ethics and Anti-corruption commission (EACC), 70% of all corruption in the country relates to procurement, especially in government ministries.

A report released by a parliamentary committee highlighted the millions of dollars lost through inflated prices. The Kenyan auditor general's 2017-2018 audit report showed that massive procurement scandals and fraud involving millions of shillings in public funds were unearthed in various public institutions.

Compliance levels continue to be low in public entities in Kenya despite efforts by the Public Procurement Oversight Authority (PPOA) to put in place measures to improve compliance (PPOA 2007). Procurement audits carried out revealed non-compliance with procurement regulations in public institutions in Kenya. The audit report indicates how staffs of National Youth Service collude with outsiders to embezzle money set aside for free national youth projects education in Kenya (Wanyama, 2017). It has been noted that its tendering committees distort the Regulations to restrict the participation of interested suppliers in procurement, or still direct the outcome of others (Kenyan auditor general's report 2017-2018). Further, studies indicate dissatisfaction among stakeholders brought about by loopholes left by the Regulations which may be used by dishonest people to make the process inefficient (Kenyan, 2017).

A relatively well-developed body of research by Onyinkwa (2013), Ramadhani (2012) and Mwendwa (2013) explored factors influencing procurement law compliance in public sector organizations in general and left a major knowledge gap on the determinant of procurement law compliance in public institutions in Kenya. For instance, despite previous studies focusing on factors like procurement ethics, staff training, staff competency and top management support among others, none has combined all those four variables in the context of procurement law compliance in public institutions in Kenya. This has created a shortage in empirical evidence and studies on the local scene. Therefore this study was meant to investigate the determinant of procurement law compliance in public institutions in Kenya.

Objectives

- i. To establish the effects of procurement ethics on the procurement law compliance in public institutions in Kenya.
- ii. To find out the effects of staff training on the procurement law compliance in public institutions in Kenya.
- iii. To determine the effects of staff competency on the procurement law compliance in public institutions in Kenya.
- iv. To examine the effects of top management support on the procurement law compliance in public institutions in Kenya.

2. THEORETICAL REVIEW

Ethics Based Theory

This theory advocates for the self-regulation of entities such as the public procurement departments in the county government to ensure market efficiency (Mbae, 2014). The theory is the basis of the code of conduct among professionals such as the procurement officials (Mwangi, 2014). The efficient market functioning is negatively impacted by the unethical practices such as corruption. In the context of this study, the theory is applicable since the integrity of the public procurement process and the adherence to the laws concerned is dependent on the procurement officials acting in an ethical way (Njoroge, 2012).

Competency Theory

Competency Theory is linked to governance and managerial skills variable. Managerial skills include technical skills, interpersonal skills and conceptual skills. The ability to communicate, responsive behavior, and tactics of negotiation are what competence is made off. In 1980s, McClelland and McBer established the competence theory. They elaborated that competency as the primary characteristic of an individual that is causally related to criterion-referenced effective and/or superior performance in a job or situation (Cicmil and Hodgson, 2006). The theory of competency is of much relevance to this study based on the fact that it expounds on the importance of having staffs that have the required management skills (technical, interpersonal and conceptual) in handling procurement related works.

Resource Based View

Penrose developed the Resource Based View (RBV) in 1959 that argues that an organization is a collection of the physical and human resources (Mutua, 2010). The resources were further categorized as the physical and intellectual assets. The intellectual capital involves the employee skills, knowledge and individual competencies (Njoroge, 2012). The RBV theory advocates that a resource should provide economic value, should be scarce, and non-substitutable (Kariuki, 2013). This theory will be applicable in this study in the context that the research is interested in establishing the role of the staff training on the procurement law compliance in public institutions in Kenya (Muange, 2013).

Ladder of Participation Theory

This theory is the best elaborate model that seeks to explore the concept of stakeholder involvement in which the projects are initiated is one of them (Arnstein, 1996). The theory of ladder of participation explains the different levels of participation at stakeholder level from manipulation or therapy level of citizens, consultation level and to what is viewed as the genuine participation level like partnership and citizen control. People can participate in decision making if they have been involved and empowered. One of the aims of the project is empower staffs by giving them an opportunity to take part in decision making. There must be real opportunities for participatory decision making for the target groups and those decisions must largely relate to their future development (Sadiullah, 2006). In summary, theory proposes that every organization should pay attention everyone that is affected by a decision or a policy. Therefore the top management has the full responsibility as explained by this theory of balancing the various interest groups in the organization that ensures quality procurement law compliance in public institutions in Kenya.

3. CONCEPTUAL FRAMEWORK

A conceptual framework is a set of broad ideas and principles taken from relevant fields of inquiry and used to structure a subsequent presentation (Reichel and Ramey, 1987). It is a tool intended to assist a researcher to develop awareness and understanding of the situation under scrutiny. It helps the research to explain the relationship among interlinked concepts such as the dependent and independent variables (Kombo, 2006). It will be conceptualized within the dependent-independent variable components and their indicators. The figure below shows a diagrammatic representation of the relationship between the dependent and independent variables

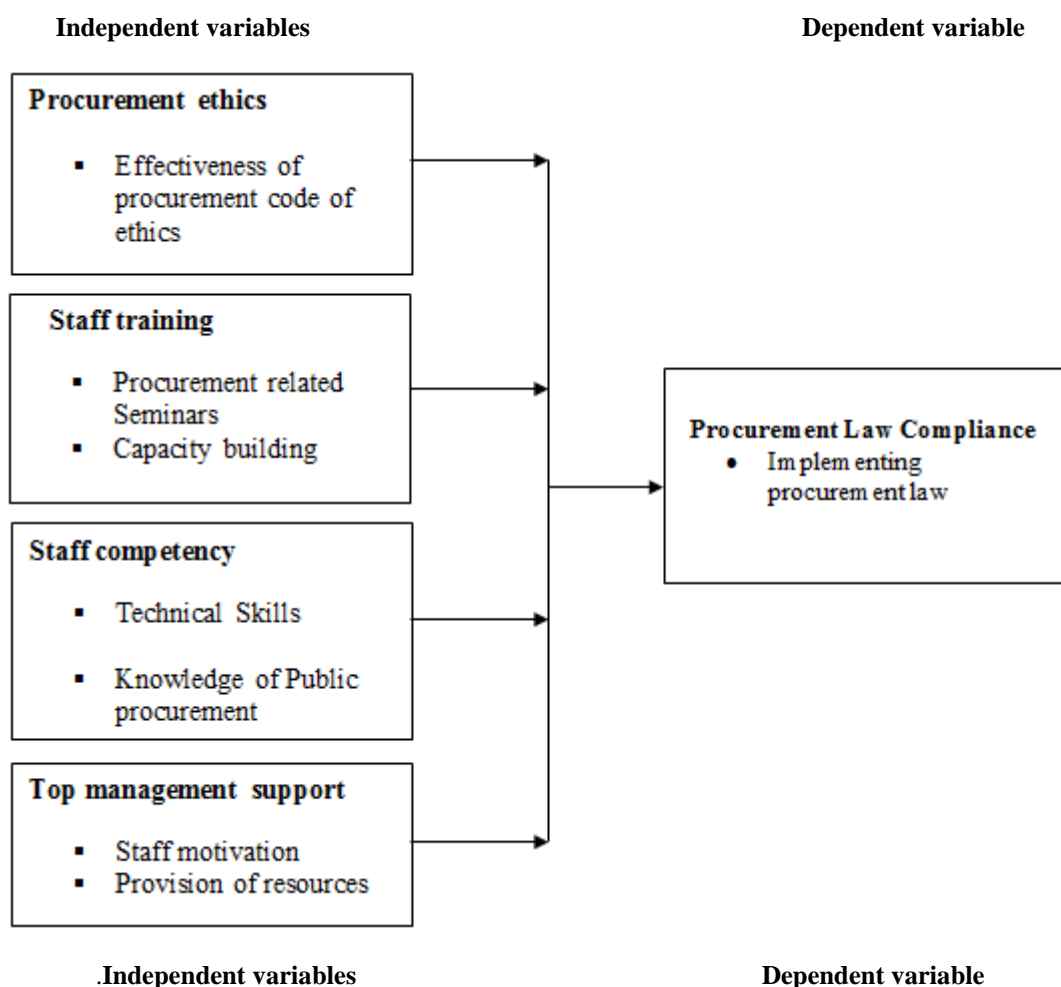


Figure 1: Conceptual framework

Research Gaps

The study sought to establish determinant of procurement law compliance in public institutions in Kenya. The studies on determinant of procurement law compliance all over the globe and locally have revealed differing findings. For instance, a relatively well-developed body of research by Onyinkwa (2013), Ramadhani (2012) and Mwendwa (2013) explored factors influencing procurement law compliance in public sector organizations in general and left a major knowledge gap on the determinant of procurement law compliance in public institutions in Kenya. It's hence against this background this study was undertaken to evaluate the determinant of procurement law compliance in public institutions in Kenya in the context of National Youth Service.

4. RESEARCH METHODOLOGY

This study adopted a descriptive and exploratory research design. The target population of this study was National Youth Service. This population comprised of 200 respondents that were drawn from procurement, finance and members of the tender committee. The officers included in the study were senior finance officer, the senior procurement officer, procurement officers, receiving clerks and store clerks. This study utilized a sample size of 60. For this research both primary and secondary data collecting methods was used. Primary data was collected through the administration of questionnaires to the target population of National Youth Service. The study carried out a pilot test to test the validity and reliability of the questionnaires in gathering the data required for purposes of the study. The study gathered qualitative and quantitative data. Descriptive statistics including mean, standard deviation, frequency and percentages was used in analyzing quantitative data (Kothari, 2004).

Model

Analysis of data used multiple regressions to test the research questions

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

Where,

Y = Procurement law compliance

X₁: Procurement ethics

X₂: Staff training

X₃: Staff competency

X₄: Top management support

Regression Results

Table 4.1: Significance of Independent Variables

Variables	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.215	.562		4.785	.000
Procurement ethics	.870	.175	.565	4.750	.000
Staff training	.675	.160	.358	1.720	.000
Staff competency	.575	.065	.270	1.645	.003
Top management support	.367	.075	.219	2.068	.000

The results in Table 4.1 indicate that procurement ethics significantly and positively affect the procurement law compliance in public institutions in Kenya. This indicates that emphasizes on procurement ethics is important in procurement law compliance because sound ethical conduct in dealing with suppliers is essential to the procurement law compliance and also that it is impossible to claim professional status for procurement without reference to a consideration of its ethical aspects. Thus, an effective procurement system related to procurement law compliance requires that the

procuring entity is staffed with procurement ethics. On the other hand, lack of procurement ethics leads to corruption which ultimately impedes compliance of procurement rules and regulations in procuring entities and adversely affects performance

Further, staff training have a significant and a positive effect influenced on the procurement law compliance in public institutions in Kenya. This result indicates that training in public procurement relates not only to the levels of education and qualifications of the workforce but also to the professional approach in the conduct of business activities. Therefore if the workforce is not adequately educated in procurement matters, serious consequences; including, breaches of codes of conduct occur.

Staff competency had significant and a positive effect on the procurement law compliance in public institutions in Kenya. These results indicate that staff competency is paramount in enhancing the performance and competitiveness of an organization as far as procurement law compliance is concerned. This is because the public procurement officials who have the requisite procurement and supply skills are able to execute their duties in a knowledgeable, empowered and motivated to carry out their duties

Top management support had a significant and positive effect on the procurement law compliance in public institutions in Kenya. This indicates that any new procurement law compliance initiative cannot succeed in the absence of managerial support. It is essential for the procurement to enjoy the support of top management in order to high levels of success to be attained within the procurement function. Therefore, if any procurement law compliance initiative lacks the support of top leadership and management, its chances of success are slim

5. CONCLUSION

The study concludes that procurement ethics significantly and positively affect the procurement law compliance in public institutions in Kenya. The study also found out that staff training have a significant and a positive effect influenced on the procurement law compliance in public institutions in Kenya. This result indicates that training in public procurement relates not only to the levels of education and qualifications of the workforce but also to the professional approach in the conduct of business activities. The study further concluded that staff competency had significant and a positive effect on the procurement law compliance in public institutions in Kenya. The study finally concluded that top management support had a significant and positive effect on the procurement law compliance in public institutions in Kenya.

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