

DETERMINANTS OF ACCESS TO PUBLIC CONTRACTS IN COUNTY GOVERNMENTS IN KENYA: A CASE OF KITUI CENTRAL SUB-COUNTY

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Abstract: The main objective of the study was to determine factors in the supply chain that influence access to public contracts with a specific reference to Kitui Central Sub County. The study's specific objectives were; to evaluate how ICT in the supply chain influences access to public contracts, to establish the influence of procurement knowledge/training on access to public contracts, to find out the effect of costs in accessing public contracts in Kitui Central Sub County, to determine ethical practices that influence access to public contracts in Kitui Central. The study adopted a descriptive case research design and the study population was 120 respondents from registered contractors in NCA with specific categories in NCA 4, 5 AND 6. A stratified random sampling technique was adopted to select a sample size of 60 respondents. Questionnaires were used as the main data collection instrument and a pilot study was conducted to pre-test questionnaires for validity and reliability. Descriptive statistics data analysis method was applied to analyze numerical data that was gathered using open and closed ended questions, aided by Statistical Package for Social Sciences (SPSS). The findings were presented using tables and charts. This study concluded that information technology influence significantly and positively on the access of public contracts in Kitui Central Sub-County. The study also concluded that procurement knowledge & training has a significant and a positive influence on the access of public contracts in Kitui Central Sub-County. Furthermore, the study established that financial capacity had significant and a positive influence on the access of public contracts in Kitui Central Sub-County. The ability to expand on the public contracts depends highly on their potential to invest in restricting, innovation and qualification. Finally, the study concluded that ethical practices had a significant and positive influence on the access of public contracts in Kitui Central Sub-County.

Keywords: Information Technology, procurement knowledge & training, financial capacity and ethical practices.

1. INTRODUCTION

Public procurement is the acquisition, whether under formal contract or informal, of works, supplies and services by public entities. It ranges from the purchase of routine supplies/services to formal tendering and placing contracts for large infrastructural projects by a wide and diverse range of contracting authorities (Lysons & Farrington, 2006). The legal framework upon which public procurement is done is the EU Directives/2004/18/EC (KAM, 2008). EU Directives 2004/18/EC cover the procurement procedures of all public sector bodies. Kenyan Public Procurement & Disposal Act 2005 (PPDA 2015) and the Public Procurement & Regulation 2006 were both drafted based on the EU Directives (KAM, 2009).

Statement of the problem:

The public procurement function like public contract has not been given the recognition it deserves in developing countries, in most public entities regardless of the effort by the partners like the world bank, the international trade organizations, the united nations conferences on trade and development, the world trade organizations and others

(Basheka and Bisangabasaija, 2010). This could be deliberate or sheer ignorance on the value the public procurement function could contribute to any organization in Kenya. Public procurement accounts for as much as 10–15% of gross domestic product (GDP) in developed countries and over 30% of GDP in developing countries. This translates into trillions of dollars of government spending annually (International Trade Centre (ITC), 2014).

Public procurement practitioners have always faced many challenges in many countries both developed and developing. According to Wangai (2014), the bidding process in the Kenyan public procurement is not fair and transparent which poses a great challenge to the public ability to participate in public procurement activities. Although the Kenya government has put in place legal frameworks for competitive and transparent public procurement, Wangai (2014) found out that the implementation of these frameworks has not been done fully.

A number of related studies have been done in the area of access to public contracts. Kachieng'a and Ogara (2004) found out that procurement and management of health equipment required changes in the approach as it determined the quality of the healthcare services in the hospitals. Achura, Arasa and Ochiri (2005) examined the effectiveness of public procurement audits for constituency development funds in Kenya. However, they did not review the factors that influence youth access to government procurement opportunities on Kenyan government ministries. Ngugi and Mugo (2007) examined the impact of procurement activities on the operation and effectiveness of public sectors in Kenya and concluded that it is essential that procurement activities are performed by qualified staff with high professional and ethical standards.

All the studies above reviewed lack conclusive review of the determinants of access to public contracts in Kitui Central Sub-County. Majority of the studies focus on preferential policies in developed economies. This forms the research gap that this study seeks to fill. Thus, this study sought to answer the following question; what are the determinants of access to public contracts in Kitui Central Sub-County?

Objectives:

1. To evaluate how Information Technology influences the access of public contracts in Kitui Central Sub-County.
2. To establish the influence of procurement knowledge & training on access to public contracts in Kitui Central Sub-County.
3. To find out the effect of financial capacity in accessing public contracts in Kitui Central Sub-County.
4. To determine how ethical practices influences the access to public contracts in Kitui Central Sub-County.

2. THEORETICAL REVIEW

Institutional Theory:

Institutional theory can be used to explain the factors affecting access to public contracts by SMEs in Kenya. Banda (2010) observes that, institutional theory is normally used to examine public procurement from fluctuating perspective. Theoretically, institutions are social assemblies that have achieved high degree of resiliency. They are composed of regulative elements and cultural-cognitive that, together with related activities and resources give life a meaning (Scott, 2004). Scott, (2004) further explains that the mainstays of any institutions are normative, regulatory and cultural-cognitive, where regulatory denotes to rules and laws and the enforcing mechanism, the normative elements encompasses norms and values while cultural-cognitive are the shared beliefs and understanding.

Social – Economic Theory:

Sutinen and Kuperan (1999) proposed the socio-economic theory of compliance by integrating economic theory with theories from psychology and sociology as a justification for social influence and moral obligation as determinants of individuals' decisions on compliance. Lisa (2010) propounded psychological perspectives provide a basis for the success or failure of organizational compliance. Wilmschurst and Frost (2000) likewise add that the legitimacy theory assumes that the organization is answerable to disclose its practices to the shareholders, especially to the public and validate its existence within the boundaries of society.

Contingency Theory:

This theory suggests that congruence or fit among key variables is critical for obtaining optimal performance (Lumpkin & Dess, 2006). According to this theory, there is no best way to strategize and no strategic choice is universally beneficial in all conditions. The theory holds that the relationship between two variables depends on the third one. The essence of contingency theory is that the best practice depends on the contingencies of the situation (Lawrence & Lorsch, 2013). To achieve a competitive advantage, MSEs must match their strategic decision to certain sets of contingency factors including external and internal environments (Covin & Slevin, 2012).

Theory of choice-Normative decision theory:

Normative decision theory gives advice on how to make the best decisions given a set of uncertain beliefs and a set of values. It is concerned with identifying the best decisions to make modeling an ideal decision maker who is able to compute with perfect accuracy and is fully rational. This theory as discussed by Jurison (2008) indicates that a manager should be accountable to his/her decision.

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 & Ramey, 2010). 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). In this study, the researcher seeks to establish the effect of project management practices on project performance of construction projects in Kenya. 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.

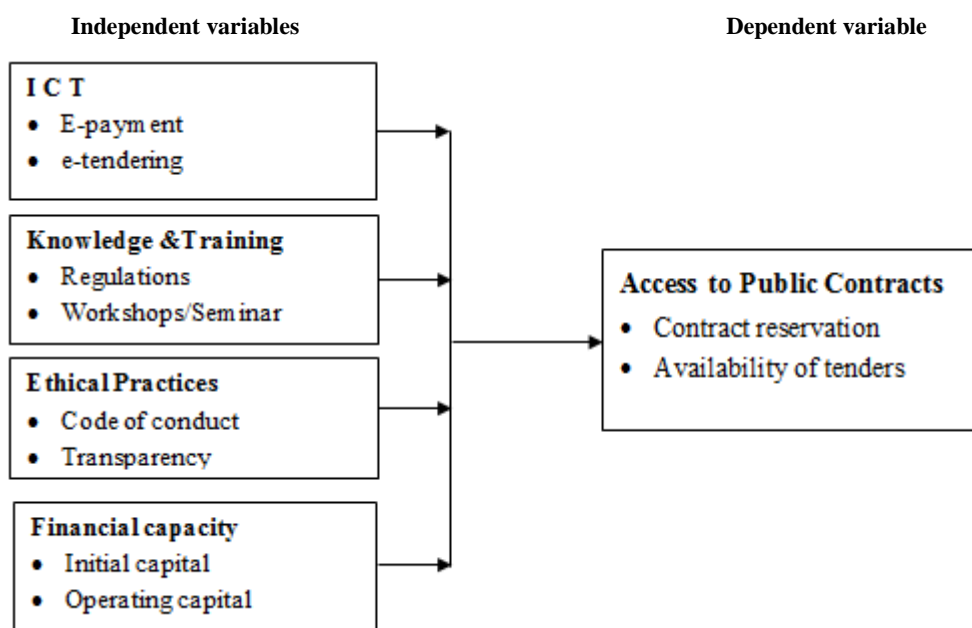
Conceptual Framework:

Figure 2.1: Conceptual framework

Research gaps:

A lot of research has been carried out locally and internationally seeking to establish the challenges facing micro and small enterprises. Most of these research concentrate on general SME performance as opposed to specifics on market penetration. Most of these studies were undertaken with different objects from the present study. There is scarcity of literature touching on the access to public procurement market in county governments in Kenya. Therefore, the proposed study will build on the local literature on challenges hindering effective participation of MSEs on available markets for their products. Related studies have mainly focused on general challenges and not market-specific challenges which influence their decision to do or not to do business with the government.

3. RESEARCH METHODOLOGY

The research design used in this study was descriptive research design. The study was undertaken at Kitui Central sub-county. The target population comprised of 120 respondents which are; registered contractors by the NCA in the categories 4, 5 & 6. The study utilized a sample size of 60 respondents. The statistical Package for Social Sciences (SPSS) was used for data analysis purpose.

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 = Access to public contracts

β_0 = Constant

β_i = Regression coefficients

X_1 = Information Technology

X_2 = Procurement knowledge & training

X_3 = Financial Capacity

X_4 = Ethical practices

ε = Error term

4. REGRESSION RESULTS

Coefficients of Regression Model:

Table 4.1: Significance of Independent Variables

Variables	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	2.835	.500		4.785	.003
Information Technology	.885	.220	.520	4.810	.004
procurement knowledge/training	.870	.245	.500	1.708	.002
Costs/finance	.853	.225	.495	1.671	.004
Ethical practices	.820	.218	.480	2.086	.004

As per Table 4.1.6, the equation ($Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$) becomes:

$$Y = 2.835 + 0.885 X_1 + 0.870 X_2 + 0.853 X_3 + 0.820 X_4$$

Where Y is the dependent variable the Access to public contracts

β_0 = Constant

β_i = Regression coefficients

X_1 = Information Technology

X_2 = Procurement knowledge & training

X_3 = Financial Capacity

X_4 = Ethical practices

ε = Error term

The results in Table 4.1 indicate that information technology significantly and positively influenced on the access to public contracts in Kitui Central Sub-County. This implies that information technology ease the provision of information on access of public contracts and may enhance better access to public procurements opportunities.

Further, procurement knowledge/training has a significant and a positive influence on the access to public contracts in Kitui Central Sub-County. This implies that Kitui Central Sub-County need and have to consider the skills requirement, expertise and education levels when integrating their value adding activities with public contracts.

Financial capacity had significant and a positive influence on the access to public contracts in Kitui Central Sub-County. This implies that the ability to expand on the public contracts depends highly on their potential to invest in restricting, innovation and qualification. However all of these investments need capital and therefore financial capacity.

Ethical practices had a significant and positive influence on the access of public contracts in Kitui Central Sub-County. This implies that a competitive process of the access of public contracts carried out in an open, objective and transparent manner can achieve best value for money in public procurement

5. CONCLUSION

This study concluded that information technology influence significantly and positively on the access of public contracts in Kitui Central Sub-County. The study also concluded that procurement knowledge & training has a significant and a positive influence on the access of public contracts in Kitui Central Sub-County. The study further concluded that financial capacity had significant and a positive influence on the access of public contracts in Kitui Central Sub-County. The study finally concluded that ethical practices had a significant and positive influence on the access of public contracts in Kitui Central Sub-County.

6. RECOMMENDATION

This study recommends that Kitui Central Sub-County should prioritize information technology practices in procurement to improve its access to public contracts. The study also recommends that the employees, especially the procurement officers, need to be trained in all procurement procedures and functions related to access to public contracts. Since the study concluded that access to financial capacity is one of key underlying factors that influence positively access to public contracts, it is recommended that Kitui Central Sub-County come up with regulations to ensure the youth can access finance. The study finally recommends that ethical standards should be enhanced to reduce the cases of unethical practices relating to access to public contracts in the Kitui Central Sub-County

Suggestions for Further Research:

The study is a milestone for further research in the field of access to public contracts in Africa and particularly in Kenya. The findings demonstrated the important determinants of access to public contracts in Kitui Central Sub-County to include; Information Technology, procurement knowledge & training, financial capacity and ethical practices. The current study should therefore be expanded further in future in order to determine the effect of Information Technology on the access to public contracts. Existing literature indicates that as a future avenue of research, there is need to undertake similar research in other Sub-Counties and Counties in Kenya and other countries in order to establish whether the explored factors can be generalized to be determinants of access to public contracts.

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