

# FACTORS AFFECTING COMPLIANCE OF PUBLIC PROCUREMENT PROCEDURES IN STATE CORPORATIONS IN KENYA

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**Abstract:** The purpose of this study was to analyze factors affecting compliance to the public procurement procedures by state corporations in Kenya with focus being on Trans-Nzoia County. The objectives of this study was; to establish the effects of institutional structure on Public Procurement compliance Procedures by state corporations in Kenya. This study was based on Agency Theory, Dialectical Theory, and theory of innovation and Stakeholder Management Theory. Descriptive research design was adopted with a sample size of 43 selected state corporations through mixed sampling techniques: purposive and simple stratified sampling techniques. Primary data was collected from general management, finance and procurement officers using a standardized questionnaire. A pilot study was conducted in order to pre-test its accuracy through randomly selecting respondents from a different county. Data was collected from 85 respondents. The research instrument was tested for reliability by computing Cronbach alpha statistical tests and the data was cleaned descriptive and inferential statistics like means, frequencies and percentages was used. In addition, inferential statistic such as Pearson correlation coefficients and multiple regression models were used to compute the relationship between the independent and dependent variables presented in form of tables and pie charts. It is expected that the constructs have no significant effect on compliance and supply chain performance. Based on the finding, Institutional structure was also found to be negatively related Public Procurement compliance Procedures in Kenya. This study will assist parastatals in developing the right strategies to manage the key challenges of compliance with public procurement that come out including the prices of public procurement of works and services which are normally inflated and which in effect had a significance influence on the Public procurement compliance procedures.

**Keywords:** Procurement Compliance Procedures, Institutional Structure.

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## 1. INTRODUCTION

Public procurement has its origins in the fiduciary obligation of government administration to deliver goods and infrastructure, for example roads and harbours and services, for example health care and education to the population of a country or a specific geographic region, city or town (Odhiambo, 2003). Public procurement refers to the government activity of purchasing the goods and services needed to perform its functions (Arrowsmith, 2010). According to Odhiambo and Kamau (2003), public procurement is broadly defined as the purchasing, hiring or obtaining by any contractual means, goods, construction works and services by the public sector. It involves the purchase of commodities and contracting of construction works and services if such acquisition is effected with resources from state budgets, local authority budgets, state foundation funds, domestic loans or foreign loans guaranteed by the state, foreign aid and revenue received from the economic activity of state. According to Hommen and Rolfstam (2009), public procurement is the

acquisition (through buying or purchasing) of goods and services by government or public organizations. Arrowsmith (2010) contends that the concept of public procurement can be referred to as procurement planning, contract placement and contract administration. According to Bolton (2006), Public procurement is also the processes where by public sector organisations acquire goods, services and works from third parties. It includes much that supports the work of government and ranges from Routine items, to complex spend Areas (e.g. construction, Private Finance Initiative projects, aircraft carriers or support to major change initiatives). It also includes a growing spend where the private and third sectors provide key services directly to citizens in areas such as welfare-to-work, further education, social care and health (Bolton, 2006). Such services may also be provided by the public sector directly, and in some cases even this public provision can be handled through procurement mechanisms. A public body may bid for government work against private sector firms through a formal competitive process (Anderson, 2001).

Public procurement is concerned with how public sector organizations spend taxpayers' money on goods and services (Hall, 2009). Globally, in many developed nations, government organizations across the world tend to spend between 8 per cent and 25 per cent of GDP on goods and services (Organization for Economic Co-operation and Development, 2006); in the UK, public procurement expenditure is approximately £150 billion (Department of Environment, Food, and Rural Affairs, 2007). In Africa, public procurement procedures are poorly executed and this negatively affects realization of increased economic development in the region. In Nigeria for instance, high level of corruption and bureaucratic procedures in the government are some of the key challenges responsible for lack of development of road network infrastructure in the northern parts of the country (Edward, 2009). Public procurement varies between 5% and 8% of the gross domestic product (GDP) in most industrialised countries (OECD, 2007). In the Middle East and Africa, central government purchases range from 9% to 13% (Gul, 2010). This indicates that public procurement plays a vital role in a country (Odhiambo, 2003). Public procurement has important economic and political implications, and ensuring that the process is economical and efficient is crucial. This requires in part that the whole procurement process should be well understood by the actors: government, the procuring entities and the business community/suppliers and other stakeholders, including professional associations, academic entities and the general public (Odhiambo, 2003). In developing countries like Kenya, the public procurement sector is often the largest domestic market. The government has the obligation of providing goods, works and services to meet a variety of citizen needs. The necessity for public procurement law and also clearly defined procurement systems arises from the fact that, unlike the private sector, public procurement is a business within a national and political system, whose pillars of strengths (Alchian, 1972).

Globally, in many developed nations, government organizations across the world tend to spend between 8 percent and 25 percent of GDP on goods and services (Organization for Economic Co-operation and Development, 2006); in the UK, public procurement expenditure is approximately £150 billion (Department of Environment, Food, and Rural Affairs, 2007). Across the United Kingdom, European Union sets Procurement Rules consolidated directive' to be implemented by all public contracts. (UK regulations 2006). The EU Treaty puts forward further principles that public procurement is subject to, namely: non-discrimination, free movement of goods, freedom to provide services and freedom of establishment. In addition to these, some general principles of law have emerged from the case law of the European Court of Justice. In the context of procurement, the most important of these include equality of treatment, transparency, mutual recognition and proportionality.

Globally procurement has progressed through from mere sourcing to end-to-end procurement via E-Procurement Adoption. Introduction of the internet and e-procurement has changed the buying process considerably with major benefits including costs saving, reduction in administration costs, enhanced market data and improved responsiveness to change in customer demand and the reduction in procurement cycle and these benefits have shifted the role of procurement from operational to a strategic function. E-procurement has also helped in improving the visibility of the supply chains as well as the collaboration among the members of the chain. According to Shale (2014) he says, that with the continuous advancement in technology and the transformation of business dynamics the world has seen an easy accessibility to reliable electronic support services available worldwide with an equal demand in almost all sectors. Rankin (2006) shows a reduction in the complete procurement cycle time as a result of e-procurement implementation. Panayiotou et al (2004) state that e-Procurement solutions make corporate purchasing activities more efficient and cost effective. Development of efficient, effective and lawful public e-Procurement services should be based on recognized best practices and EC policies and directives, so that they guarantee non-discriminatory and transparent awarding processes that comply with national and EU regulatory, legal and financial systems (Croom & Brandon, 2007). Public

procurement is to achieve the last two functions of government: helping the government to provide public goods and services, and purchase goods, services and capital assets. Procurement spending may represent 10-20 % of GDP and up to 50% or even more of total government spending (UNCITRAL, 2011)

Public procurement moved from procurement law to a broader focus one of the most significant developments in public procurement is the United Nations Commission of International Trade Law (UNCITRAL) Model Law on Procurement of Goods, Construction and Services, which was issued in 1994. This model was recognized as “an important international benchmark in procurement law reform” as stated by the UNCITRAL: It provides procedures and principles aimed at achieving value for money and avoiding abuses in the procurement process. A revised version of this model was adopted on July 1, 2011. This model focuses on procurement law. Then, the first Public Procurement: Global Revolution conference was launched in 2002. The conference focuses on UNCITRAL Model Law and EU procurement directives as well as procurement systems. However, public procurement is a much broader field, including management, leadership, economics, among others (UNCITRAL, 2011) In 2005, Development Assistance Committee of Organization for Economic Cooperation and Development (OECD/DAC) issued Strengthening Procurement Capacity in Developing Countries (Volume 3 of Harmonising Donor Practices for Effective Aid Delivery). This publication provides a framework for assessing a public procurement system. The framework consists of four pillars as -Legislative and regulatory framework, Institutional framework and management capacity, Procurement operations and market practices, Integrity and transparency of the public procurement system, Global Revolution (2002),

There have been efforts in searching for global performance indicators and principles-GAO and OECD/DAC-World Bank’s recommended indicators (2005)-Starting 2011, NIGP and the Chartered Institute of Purchasing & Supply (CIPS), the world’s largest association of supply chain professionals in private and public sectors have collaborated on the development of Global Best Practices in Public Procurement. In 2013, the World Bank started a Benchmarking Public Procurement research project with its first report published in 2015. E-Government Procurement (e-GP) is a catch all term incorporating many aspects of electronically assisted procurement. There is no doubt that the Internet is drastically changing the way procurement is done globally. It has grown and evolved into a complex marketplace with many players offering a variety of e-procurement and business-to-business services. Benefits of e-GP: A good e-GP system will enhance basic principles of procurement including Competition, Transparency and accountability, Efficiency/performance, Procurement decisions. Most governments have put in place mechanisms and laws to govern procurement across the region. This Laws and Acts regulates the procurement of goods, works and services financed, in whole or in part, from public funds and the disposal of government stores. All government agencies, institutions and establishments in which the government has a majority interest are mandated to comply with the Act.

For example the main legislation that regulates and governs public procurement in Ghana is the Public Procurement Act 2003 (Act No. 663) (the Act) as amended by the Public Procurement (Amendment) Act 2016 (Act 914) (the Amendment Act). The promulgation of the Act was an integral part of Ghana’s Public Financial Management Reforms and good governance initiative, which sought to instill propriety and accountability in public sector financial management and expenditure. Ghana is not a member of the European Union or a signatory to the World Trade Organization’s Agreement on Government Procurement (GPA). Therefore, the EU directives and the GPA do not affect Ghana’s procurement regime. However, the key principles of transparency and non-discrimination are reflected in the Act and the Amendment Act aims to ensure the Act is consistent with the United Nations Commission on International Trade Law’s model law on public procurement. State Corporation is a legal entity created by the government to undertake commercial activities on its behalf. In Kenya, there is two hundred and ten state corporations that fall under established ministries in which they work collaboratively to achieve the overall goals of the respective ministries. The volume of public procurement was established at 3.64 billion USD, which was approximately 9% of the GDP (Independent Procurement Review Kenya, May 2005).

Procurement in Kenya’s State corporations has been dogged by; corruption, political patronage, procurement system inefficiency, lack of sound procurement policy guidelines and lack of a genuinely open and competitive system of procurement amongst other shortcomings (Ethics and Anti-Corruption Report, 2015). State corporations legal status varies from being a part of government to stock companies with a state as a regular stockholder. State corporations have a distinct legal form and they are established to operate in commercial affairs. While they may also have public policy objectives, GOCs (Government Owned Corporations) should be differentiated from other forms of government agencies

or state entities established to pursue purely non-financial objectives (Independent Procurement Review Kenya, 2005). Furthermore, Government-owned corporations are common with natural monopolies and infrastructure such as railways and telecommunications, strategic goods and services (mail, weapons), natural resources and energy, politically sensitive business, broadcasting, demerit goods (alcohol) and merit goods (Independent Procurement Review Kenya, 2005).

The aim of the Public Procurement Regulations of 2006 was to promote fairness, transparency and nondiscrimination 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 (Wanyama, 2010). Schotanus *et al.*, (2011) in their study found out that many public entities are increasingly encouraged to pool or share purchasing volumes, information, and/ or resources. However, while there is a policy imperative for procurement procedures, public entities often experience difficulties in forging and sustaining inter-entities relationships in the form of purchasing. While they appreciate the presence of barriers to procurement public procurement collaborative, they fail to establish the extent of compliance, challenges of compliance and effect of compliance with public procurement procedures. 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 (Kenya, 2011). Compliance levels continue to be low in public entities in Kenya despite efforts by the Public Procurement Regulatory Authority (PPRA) to put in place measures to improve compliance (PPRA 2007). Procurement audits carried out revealed non-compliance with procurement regulations in state corporations in Kenya. It has been noted that state corporations tendering committees distort the regulations to restrict the participation of interested suppliers in procurement, or still direct the outcome of others (District Audit report 2010-2011). Nevertheless, what has transpired since that time is that subsidiary legislation and amendment of the law have been enacted so that things must have changed hence the finding may no longer hold. Past studies have unraveled the impact of sound public procurement policy. However, most of them have not exhaustively investigated the public procurement procedures and supply chain performance in Kenyan state corporations. It is against this backdrop that this study set to establish To establish the effects of institutional structure on Public Procurement compliance Procedures by state corporations in Kenya.

## 2. INSTITUTIONAL STRUCTURES OF PUBLIC PROCUREMENT COMPLIANCE PROCEDURE

According to Guy (2000), there are six dimensions through which we can judge the level of institutionalization of any structure and its ability to adapt to change, including: autonomy, complexity, coherence, congruence and exclusivity. Implementation of organizational activities depends on the relationships between and within organizations. One way to explain this relationships and its effect on implementation of organizational activities is the principal-agency theory holds that shirking is likely to occur when there is some disagreement between policy makers and the bureaucracy. Civilian political leaders (principals) delegate authority to the bureaucracy (agent) with the expectation that the agent does not move quickly enough to reflect the policy preferences of principal, the committee members could show their displeasure by cutting the funding of the organization. Leaders (the principals), through powers of appointment and the purse are in position to influence bureaucratic outputs. Guy (2004) quoting Calvert *et al.* (1989), Moe, (1985) and Wood Waterman, (1991) found that politicians wield considerable power in affecting bureaucratic outputs via the power of appointment. Calvert *et al* posits that the chief executive's power of appointment and the threat of legislative sanctions influence bureaucratic output. Moreover, they assert that there is a boundary in which agents are allowed to exercise various amounts of discretion. The amount of discretion allowed to agents is determined by the importance of a policy-the more important a policy, the lesser the amount of discretion that will be allowed to agents and conversely, the less important a policy to a principal, the more discretion that will be accorded to the agent.

Peter Kiburu Mukura, Noor Shalles, Mark Kemboi and Peter Maku Ngatia(2007) . in their study on the role of oversight Authorities on procurement Regulations in Kenya's state corporations Case study of Kenya Electricity Generating company (KenGen), established that monitoring and evaluation plays a major role in policy formulation, with an aim of improving relevance, efficiency and effectiveness of policy reforms.(mackay 2014).More to that the other

study done by Onyinwa 2013 analysed the factors influencing compliance to procurement regulations in public schools in Kisii county Kenya and noted that ethics, awareness and training has direct and strong influence , hence need for being keen on such.

A study conducted by Zubcic and Sim in 2011 assessed the interaction between enforcement and compliance by the Australian Securities and Investment Commission (ASIC) by reviewing 50 similar complaints to the ASIC in the 2005/2006 financial year. The results of the study showed that enforcement and increased penalties positively impacts compliance by the violators. Nevertheless, the study also showed that it is possible that enforcement may have made it more necessary for violators to employ sophisticated tactics to avoid detection by authorities. Cunningham and Kagan (2005) state that the threat of legal sanctions is necessary when it comes to compliance and that enforcement helps to remind public entities that violators will be punished and to ensure that they follow the rule of the law when it comes to the Act. This study however did not focus on public procurement.

The Act also came up with the Public Procurement Administrative Review Board (PPARB) whose central role is arbitration as it receives any appeals tendered to the board by the public and to review, hear and determine the outcome of any dispute involving the tendering and asset disposal process (Kenya Gazette Supplement, 2015). This role also helps in monitoring and enforcing the procurement laws which helps to enhance compliance to the law. In 2015, Getuno, Awino, Ngugi and Mwaura conducted a study that sought to find out the effect of the PPDA 2005 on the performance of state corporations in the country. The study utilized the explanatory survey design of questionnaires and interview guide were submitted to 112 respondents. The study showed that proper monitoring of the implementation of the PPDA 2005 by the oversight authority helps the corporations to adhere to the different aims of procurement, which are effectiveness, competition, similar treatment, transparency, accountability and moral practices.

The procurement competency identifies and defines the competencies required to provide a highly capable procurement function and service by procurement professionals across the public sector. It aims to promote a shared understanding of roles, responsibilities and performance expectations of professional procurement positions, provide consistent competency and capability standards for the professional procurement function across the public sector and support managers and staff by providing defined pathways to address capability gaps across teams or individuals (A Cholopray 2017). According to Elshleman (2002), the procurement process offers massive potential for ethical abuses or violations. Good procurement management practices should pinpoint areas that are most vulnerable to ethical violations and address them so that employees are aware of what to avoid. This is a good point and most procurement acts do have a code of ethics. Nevertheless, this seems not to deter employees from violating the code.

In their study of compliance in the EU, Gelderman and Brugman (2006) said that numerous entities do not comply with procurement regulations because the personnel involved in procurement are unfamiliar with them. The researcher agrees with this assertion, as other studies have shown that indeed, knowledge of procurement principles, rules and regulations does affect the implementation of the Act as does the training level of the personnel. Additionally, Zubcic and Sims (2011) focus on the effect of enforcement on compliance during public procurement. According to the authors, when regulatory authorities increase the level of enforcement as well as penalties when procurement entities break the law, then the level of compliance goes up. Additionally, in countries where bidders are allowed to participate in the bidding process, where they are allowed to lodge complaints against procurement entities if the bidding process is flawed, and action is taken against procurement entities, then this goes a long way in encouraging compliance to the law. Nevertheless, the researcher did not focus on whether the country boasts of such bidder review mechanisms and if yes, the level to which they are utilized during the procurement process and their effectiveness in ensuring compliance to the procurement law.

Studies have been carried out by scholars from Jomo Kenyatta University of Technology such as Kwasira (2016) who focused on the assessment of determinants of procurement performance at Kenya pipeline company and Ramadhani (2015) who focused on elements such as human competency, ethics and compliance strategies that affect procurement performance, based to determine the impact of certain aspects to the implementation of procurement procedures however did not tackle how this affects the performance of the public institutions performance from a supply chain performance perspective. A study by George (2008) notes that in Africa, many government corporations lack effective procurement policies and this greatly hinders effective performance in procurement practices. However, the study failed to suggest how organizations should design and implement procurement measurement indicators.

In Kenya, there is lack of a specific study that highlights how government institutions should implement supply chain performance with respect to procurement procedures and that allows for creation of a guiding framework for implementing effective procurement practices. The public procurement and disposal act (2005) also failed to offer guidelines on how government institutions should embrace efficient procurement policies. According to Patrick (2008)

in Kenya, the concept of compliance to procurement policies has only attracted attention in private sector organizations while in public sector, no measures have been made to promote implementation of effective procurement practices. However, the study did not offer any practical explanation of measures to be employed in public sector organizations. On the other hand, Edward (2009) notes that over 50% of public sector organizations could realize increased level of performance if effective procurement measures were put in place. Moreover, Edward still failed to support the argument by explaining how public sector organizations should adopt compliance mechanisms to promote realization of increased organizational performance. Recognizing the important role that complying to procurement procedures can play in promoting realization of increased organizational performance, this study seeks to address the major critical issues as an effort to promote the extent of compliance of procurement procedures in government institutions in Kenya.

### 3. METHOD

The study adopted descriptive design with a target population which comprised of selected state corporations in Trans-Nzoia County, Kenya that brought a total to 43 institutions. The study population comprised of staff in administration, finance and procurement departments. The study targeted eighty five (85) staff in these departments since they are the ones deemed best suited of providing reliable information on compliance of procurement procedures and supply chain performance. The data collection was questionnaires which were checked for reliability and validity before administering through drop and pick method. Both descriptive and inferential statistics was employed in the study. Quantitative data was analyzed using descriptive statistical method; the statistical tools were used. Inferential statistic such as Pearson correlation coefficients and multiple regression models was equally used. The correlation and regression model was employed to compute the relationship between the independent and dependent variables at a confidence level of 95% (Hair et al., 2005). Graphs and frequency tables were used to summarize the data and capture descriptive results.

### 4. DISCUSSION

The study sought to assess the effects of institutional structure on Public Procurement compliance Procedures by state corporations in Kenya. The findings are presented in a five point Likerts scale where SA=strongly agree, A=agree, N=neutral, D=disagree, SD=strongly disagree and T=total. From table 4.1 below, the respondents were asked whether officers are trained, sensitized and are qualified and experienced to handle Procurement process on the public procurement Act 2005 and regulation 2006. The distribution of findings showed that 40.0 percent of the respondents strongly agreed, 32.0 percent of them agreed, 1.0 percent of the respondents were neutral, 23.0 percent disagreed while 4.0 percent of them strongly disagreed. These findings implied that officers are trained, sensitized and are qualified and experienced to handle Procurement process on the public procurement Act 2005 and regulation 2006.

The respondents were also asked whether public entities comply with the public procurement procedures and also applies appropriate procurement methods for appropriate thresholds in procurement. The distribution of the responses indicated that 36.0 percent strongly agreed to the statement, 34.0 percent of them agreed, 3.0 percent of them were neutral, 22.0 percent of them disagreed while 5.0 percent of them strongly disagreed to the statement. Results from the majority of the respondents were disagreed that public entities comply with the public procurement procedures and applies appropriate procurement methods for appropriate thresholds in procurement.

The respondents were also asked whether entities use Standard Tender Documents from PPRA in procurement. The distribution of the responses indicated that 33.0 percent strongly agreed to the statement, 33.0 percent of them agreed, 6.0 percent of them were neutral, 14.0 percent of them disagreed while 14.0 percent of them strongly disagreed to the statement. These findings implied that entities use Standard Tender Documents from PPRA in procurement.

The respondents were further asked whether procurement officers participate in the tendering processes and committee members make informed decisions regarding procurement on tender evaluation. The distribution of the responses indicated that 22.0 percent strongly agreed to the statement, 28.0 percent of them agreed, 6.0 percent of them were neutral while 19.0 percent and 25.0 percent of them disagreed strongly and disagreed to the statement respectively. These findings implied that procurement officers participate in the tendering processes and committee members make informed decisions regarding procurement on tender evaluation.

Further, the respondents were asked whether procurement opportunities are advertised using the appropriate medium. The distribution of the responses indicated that 25.0 percent strongly agreed to the statement, 31.0 percent of them agreed, 7.0 percent of them were neutral, 21.0 percent of them disagreed while 16.0 percent of them strongly disagreed to the statement respectively. These findings implied that procurement opportunities are advertised using the appropriate medium.

Finally, the respondents were asked whether there is effective monitoring and auditing of procurement activities by oversight bodies. The distribution of the responses indicated that 27.0 percent strongly agreed to the statement, 35.0 percent of them agreed, 4.0 percent of them were neutral, 15.0 percent of them disagreed while 19.0 percent of them strongly disagreed to the statement respectively. These findings implied that there is effective monitoring and auditing of procurement activities by oversight bodies.

**Table 4.1: Effects of institutional structure on Public Procurement compliance Procedures by state corporations in Kenya**

Statements		SA	A	N	D	SD
Officers are trained, sensitized and are qualified and experienced to handle Procurement process on the public procurement Act 2005 and regulation 2006	%	40.0	32.0	1.0	23.0	4.0
Public entities comply with the public procurement procedures and applies appropriate procurement methods for appropriate thresholds in procurement	%	36.0	34.0	3.0	22.0	5.0
Entities use Standard Tender Documents from PPOA in procurement	%	33.0	33.0	6.0	14.0	14.0
Procurement officers participate in the tendering processes and committee members make informed decisions regarding procurement on tender evaluation	%	22.0	28.0	6.0	19.0	25.0
Procurement opportunities are advertised using the appropriate medium	%	25.0	31.0	7.0	21.0	16.0
there is effective monitoring and auditing of procurement activities by oversight bodies	%	27.0	35.0	4.0	15.0	19.0

## 4.2 Inferential Statistics

### 4.2.1 Pearson Correlation

The study sought to establish the strength of the relationship between independent and dependent variables of the study. Pearson correlation coefficient was computed at 95 percent confidence interval (error margin of 0.05). Table show illustrates the findings of the study.

**Table 4.2: Correlation coefficient**

		Public Procurement compliance Procedures
<b>Institutional structure</b>	Pearson Correlation	.062
	Sig. (2-tailed)	.015
	N	80

As shown on Table 4.2 above, the p-value for institutional structure was found to be 0.015 which is less than the significant level of 0.05, ( $p < 0.05$ ). The result indicated that Pearson Correlation coefficient (r-value) of 0.062, which represented a strong, positive relationship between institutional structure and Public Procurement compliance Procedures by state corporations in Kenya.

#### 4.2.2 Multiple Linear Regression

Multiple linear regressions were computed at 95 percent confidence interval (0.05 margin error) to show the multiple linear relationship between the independent and dependent variables of the study.

##### 4.2.2.1 Coefficient of Determination ( $R^2$ )

Table 4.3 shows that the coefficient of correlation (R) is positive 0.473. This means that there is a positive correlation between factors influencing the extent of compliance to the public procurement procedures in state corporations in Kenya with focus being on Trans-Nzoia County. The coefficient of determination (R Square) indicates that 22.5% of compliance to the public procurement procedures in state corporations in Kenya is influenced by the institutional structure. The adjusted  $R^2$  however, indicates that 18.5% of compliance to the public procurement procedures in state corporations in Kenya is influenced by the institutional structure leaving 81.5% to be influenced by other factors that were not captured in this study.

**Table 4.3: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.476 <sup>a</sup>	.225	.185	.85429350

a. Predictors: (Constant), institutional structure,

##### 4.2.2.2 Analysis of Variance

Table 4.4 shows the Analysis of Variance (ANOVA). The p-value is 0.000 which is  $< 0.05$  indicates that the model is statistically significant in predicting how factors affecting the extent of compliance on Public Procurement compliance Procedures by state corporations in Kenya. The results also indicate that the independent variables are predictors of the dependent variable.

**Table 4.4: ANOVA<sup>a</sup>**

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	217.264	1	3.553	8.415	.000 <sup>b</sup>
Residual	76.050	79	.818		
Total	383.314	80			

a. Dependent Variable: Public Procurement compliance Procedures

b. Predictors: (Constant), institutional structure

##### 4.2.2.3 Regression Coefficients

From the Coefficients table (Table 4.5) the regression model can be derived as follows:

$$Y = 0.002 + 0.003X_2$$

The results in table 4.5 indicate that all the independent variables have a significant positive effect on performance of construction projects in Kenya. The most influential variable is institutional structure with a regression coefficient of 0.003 (p-value = 0.000), According to this model when all the independent variables values are zero, Public Procurement compliance Procedures of will have a score of 0.002..

**Table 4.5: Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.002	.091		.019	.000
	Institutional structure	-.003	.098	-.003	-.028	.000

a. Dependent Variable: Public Procurement compliance Procedures



### 4.2.3 Hypotheses Testing

**Ho<sub>1</sub>:** institutional structure does not have a significant influence on Public Procurement compliance Procedures in Kenya.

From Table 4.5 above, institutional structure ( $\beta = -.003$ ) was found to be negatively related Public Procurement compliance Procedures in Kenya. From t-test analysis, the t -value was found to be -.028 and the  $\rho$  -value 0.000. Statistically, this null hypothesis was accepted because  $\rho < 0.05$ . Thus, the study rejected the alternative hypothesis and it concluded that institutional structure does not affect Public Procurement compliance Procedures in Kenya.

## 5. CONCLUSION AND RECOMMENDATION

The study sought to assess the effects of institutional structure on Public Procurement compliance Procedures by state corporations in Kenya. The findings implied that officers are trained, sensitized and are qualified and experienced to handle Procurement process on the public procurement Act 2005 and regulation 2006. On the issue of whether public entities comply with the public procurement procedures and applies appropriate procurement methods for appropriate thresholds in procurement, majority of the respondents agreed and that public entities comply with the public procurement procedures and applies appropriate procurement methods for appropriate thresholds in procurement. Further, the findings showed that entities use Standard Tender Documents from PPOA in procurement and that procurement officers participate in the tendering processes and committee members make informed decisions regarding procurement on tender evaluation. The findings also revealed that procurement opportunities are advertised using the appropriate medium and that there is effective monitoring and auditing of procurement activities by oversight bodies.

In conclusion basing on the findings, Institutional structure ( $\beta = -.003$ ) was found to be negatively related Public Procurement compliance Procedures in Kenya. From t-test analysis, the t -value was found to be -.028 and the  $\rho$  -value 0.000. Statistically, this null hypothesis was accepted because  $\rho < 0.05$ . Thus, the study rejected the alternative hypothesis and it concluded that institutional structure does not affect Public Procurement compliance Procedures in Kenya.

The study came up with a number of recommendations.

The study recommends that all procurement personnel have professional training and understand procurement procedures and should be governed under a professional body especially on qualification and experience to handle Procurement process based on the public procurement and Asset Disposal Act 2015 and regulation 2006

The management of the organisation should make sure that all supply chain personnel are licensed to undertake their duties and that they should be provided with high level of work autonomy and control in following / being compliant with stated procedures requirement of supply chain accordingly

The public entities should comply with the public procurement procedures and in applying appropriate procurement methods for appropriate thresholds in procurement to use Standard Tender Documents from PPRA in procurement

The procurement officers and committee members should participate in the tendering processes to enable them make informed decisions regarding procurement on tender evaluation

The procurement opportunities should be advertised using the appropriate medium for effective monitoring and auditing of procurement activities by oversight bodies

Implementation of organizational activities should depend on the relationships between and within organizations and that civilian political leaders (principals) delegate authority to the bureaucracy (agent)

The management should be coherent to stipulated procurement procedures and Complexity of procurement together with budget allocation operations clearly understood by all parties

The institution management and government employees should be driven by self-interest resulting in under provision of good government policies

The organization should full embrace information technology in its procurement process in its procurement function for improved transaction time and accuracy of requisitions efficiency.

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