

FACTORS AFFECTING ENTERPRISES OWNED BY PERSONS WITH DISABILITIES IN ACCESSING GOVERNMENT PROCUREMENT OPPORTUNITIES IN KENYA: A CASE OF KENYA RURAL ROADS AUTHORITY

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Abstract: The study sought to establish factors affecting enterprises owned by persons with disabilities in accessing government procurement opportunity. Specific objectives of the study were to determine the effects of access to finances, education level, entrepreneurship skills and compliance with tender requirements on access to government procurement opportunities by persons with disability. The research adopted a descriptive survey design. The target population of this study was 210 enterprises owned by persons with disabilities registered by KeRRA. The study adopted simple random sampling to pick a sample of 68 enterprises owned by persons living with disabilities and out of the 68 questionnaires administered, 61 of them were returned representing a response rate of 89.71%. The researcher used both qualitative and quantitative data. The findings revealed that accessibility to finances, education level, entrepreneurship skills and compliance with tender requirements significantly affected access of government procurement opportunities by enterprises owned by PWD. In the regression analysis, accessibility to finances, education level, entrepreneurship skills and compliance with tender requirements were found to explain 73.9% of the variation that occurs in access of government procurement opportunities by enterprises owned by PWD. It was also found out that education level had a greater influence on access of government procurement opportunities by enterprises owned by PWD, followed by entrepreneurship skills followed by compliance to tender requirements and then access to finance. The banks and other financial institutions should make it easy for enterprises owned by PWD to access finances by making loan requirements friendly, not asking for security and offering affordable interest rates, the Government should seek to increase the fund for persons with disabilities and make the requirements friendly.

Keywords: Public Procurement, Disadvantaged group and Persons with disability.

1. INTRODUCTION

Public Procurement is regarded as the acquisition of materials and contracting of construction works and services if such purchase is made with finances from national outlay, county government budget, and national institution coffers, domestic lends or external loans guaranteed by the government, foreign relief as well as revenue received from the economic activities of the country. Public Procurement in this manner implies acquisition by a procuring entity (PE) using public

finances (World Bank, 1995a). The supplies involved in public procurement encompass basic merchandise or services, for example, paperclips or cleaning services and expansive commercial projects, for example, the development of infrastructure, including airports, shipping terminals, roads and hospitals.

Statement of the problem:

As per Baker (2011), participation of Disadvantaged Groups in public procurement is a vital function of any government because of its absolute extent in procurement expenditures which greatly affects the economy and needs to be well managed. As indicated by Public Procurement and Asset Disposal Act 2015 "disadvantaged group" means persons perceived to be denied, by mainstream society access to resources and tools which are helpful for their survival in a way that disadvantages them, or persons who have been subjected to partiality or cultural predisposition in view of their ways of life as individuals from groups without respect to their individual qualities, and includes enterprises owned by women, the young and persons with disabilities;

In its attempt to empower the disadvantaged groups, the government came up with Access to Government Procurement Opportunities (AGPO) Program whose aim was to facilitate the youth, women and persons with disability- owned enterprises to take part in government procurement (R. o. K, 2013). This was made conceivable through the implementation of the Presidential Directive that 30% of government contracts be reserved specifically for these enterprises. This is an affirmative action that was aimed at empowering youth, women and persons with disability owned enterprises by giving them more chances to do business with Government.

Regardless of the government putting much effort in empowering youths, women and persons with disability owned enterprises by giving them a chance to do business with government entities and furthermore establishing a fund for persons with disabilities, the number of enterprises owned by disabled persons that take part in these tenders has consistently remained low in comparison with enterprises owned by youth and women (PPOA, 2014).

During the financial year ending 30th June 2014, Public Procurement Oversight Authority received reports for contract awards to Youth, Women and Persons with Disability from all the ministries. In total, the 19 institutions including the 18 Ministries and the Office of the Attorney General reported to have applied reservations for an aggregate total of KES. 6,488,932,179 to ventures owned by Youth, Women and Persons with Disability (PWD). This was a drastic improvement in comparison with the previous less than 10% participation of disadvantaged groups in public procurement as outlined in the report by Transparency International, 2013. The report additionally expressed that of 4,701 contracts awarded to the disadvantaged group only 50 contracts equivalent to 1% were accounted for to be awarded to Persons with Disability. This added up to KES 24,942,262. 2133 contracts, equivalent to 45% were awarded to youth enterprises, while 2518 contracts equivalent to 54% were awarded to Women. In view of the report by the Authority, the performance by enterprises owned by persons with disability was way below par.

In a bid to narrowing this gap the National Treasury sent a circular no. 1/2015 dated 15th January, 2015 to all Accounting Officers instructing them to separate tenders for the target group. The purpose of this was to attempt and increase the contract uptake of the persons with disabilities owned firms by addressing unfair competition. Among different mandates in this circular all accounting officers were asked to; i) ensure that enterprises owned by persons with disabilities are awarded at least 2% of the 30% tenders reserved, ii) ensure that of the three target groups (Youth, Women and Persons with Disabilities) no category shall be awarded over half of the 30% of tenders reserved.

Despite all effort put by the government of Kenya to empower the enterprises owned by persons with disability, the number of enterprises owned by disabled persons that take part in these government tenders has consistently remained low in comparison with enterprises owned by youth and women (PPOA, 2014).

This necessitated the study to assess factors affecting enterprises owned by persons with disability in accessing government procurement opportunities. The findings of this study will enable various stakeholders comprehend the challenges faced by persons with disability owned enterprises in accessing government procurement opportunities reserved for special interest groups. Should this situation go unsolved the persons with disability will remain marginalized

among the disadvantaged group. This will lead to high poverty prevalence among the persons with disability making it difficult for them to participate in economic growth of the country.

Objectives:

1. To determine the effects of accessibility of finances on accessing of government procurement opportunities by persons with disabilities.
2. To determine the effects of education level on accessing of government procurement opportunities by persons with disability.
3. To establish the effects of entrepreneurship skills on accessing of government procurement opportunities by persons with disability.
4. To establish the effects of compliance with tender requirements on accessing of government procurement opportunities by persons with disability

2. THEORETICAL REVIEW

Social – Economic Theory:

The social-economic theory was advocated by Sutinen and Kuperan (1999). The social economic theory of compliance was formulated by incorporating economic theory with theories from psychology and sociology to account for moral obligation and social influence as reasons for individuals' choices on adherence to the set standards. Lisa (2010) indicates that the emotional perspectives provide a foundation for the success or failure of organizational compliance.

Institutional Theory:

Najeeb (2014) asserts that the study of institution traverses the scholarly fields of economics, sociology, political science and organizational theory. As indicated by Kaufman (2011), the shared factor for institutionalism in various disciplines appears to be that of, organizations matter. Thus, "organizational practices are either an immediate reflection of, or reaction to, rules and structures built into their larger environment" (Paauwe & Boselie, 2003). In the public procurement, diverse institutions interact in order to meet the needs of each other while abiding to the set rules and regulations established by the government.

Public Interest Theory:

Public interest theory was developed by Pigou, (1932). The theory assumes that the economic markets are extremely fragile and they tend to work wastefully and for individual's concern while ignoring the significance of the society as a whole. Consequently to direct and monitor the economic market government's mediation is required. The author said that the government regulates the banks to make them work in the social interest. The banks can serve the social interest when resources are allotted productively and in social interest.

Trait Theory:

The study was modeled on the trait theory. The theory focuses on personality, psychological and behavioral school. Personality can be defined in terms of patterns and regularities in action (Bjerke, 2007). Since the entrepreneur spur entrepreneurship, this school assume that individuals will probably take advantage of opportunities thus behave entrepreneurially on the grounds that certain traits drives them to make deferent decisions about opportunities than other individuals with the same information and skills (Frese, 2007; Shane, 2007). In this respect, much research in the entrepreneurship field has concentrated on the personality traits of the entrepreneur, posing the question "why do certain people start firms while others under same conditions do not"(Gartner, 1989).

Conceptual Framework:

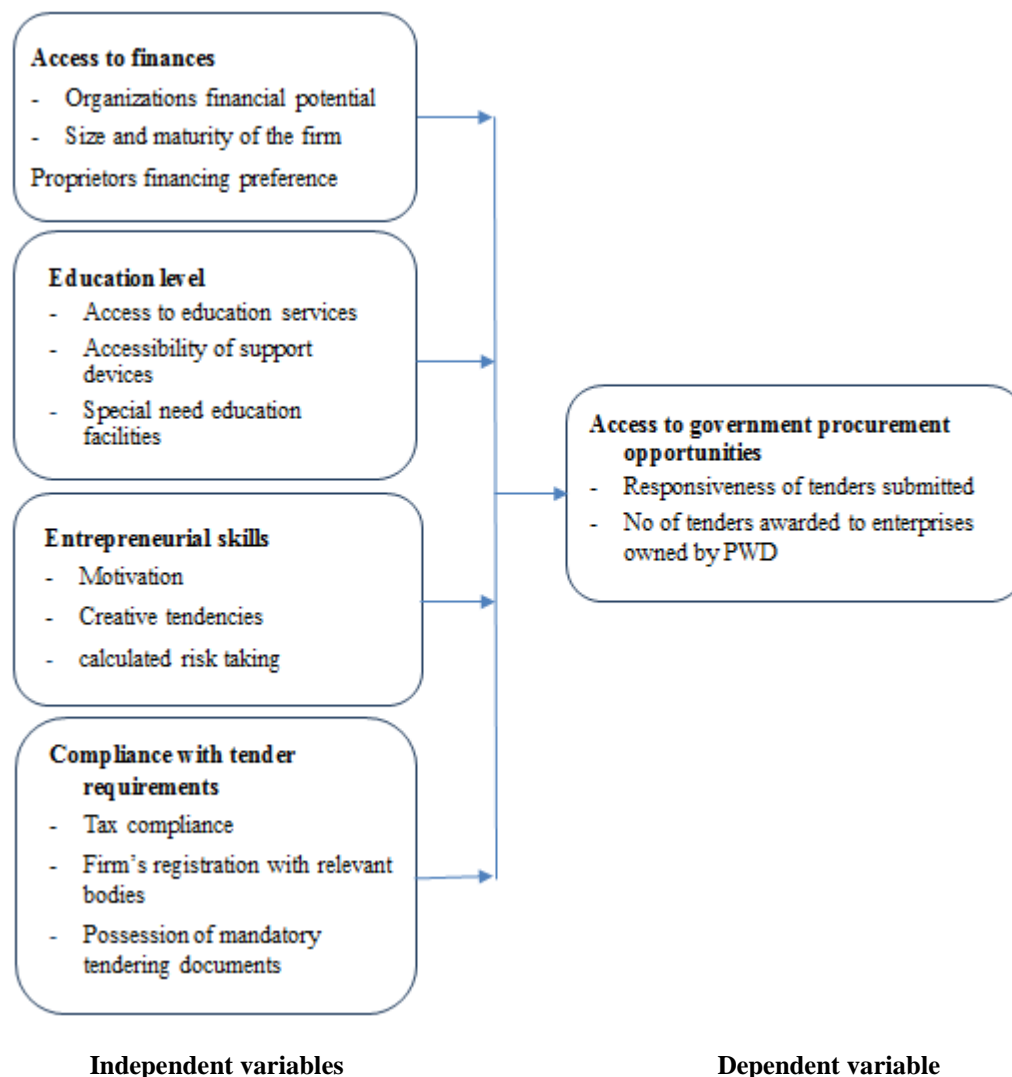


Figure 2:1 Conceptual Framework

Research gaps:

Based on the reviewed literature, it appears that there are insufficient studies on the factors affecting enterprises owned by PWDs in accessing government procurement opportunities in Kenya and specifically there are no related studies pertaining to Kenya Rural Roads Authority in relation to the topic. Studies conducted by Wanjohi and Mugure, 2008, Ogiji and Ejembi (2007), Cohen and Klepper, (1996), Munoz (2010) and Ngure & Simba (2013) have focused more on SME's, enterprises owned by youths and to some extent women leaving out enterprises owned by PWDs access to government procurement opportunities. Though the studies agreed that access to finances was a key challenge to the SMEs growth the studies failed to link access to finance by enterprises owned by persons with disabilities to access to government procurement opportunities

3. RESEARCH METHODOLOGY

The research design used in this study was descriptive research design. The target population of this study was the Two Hundred and Ten (210) enterprises owned by persons with disabilities that were registered by Kenya Rural Roads Authority. The study used a sample of 68 respondents..The statistical Package for Social Sciences (SPSS) was used for data analysis purpose.

Model:

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

Where:

Y = Performance of construction projects

X1: project risk

X2: project human resource

X3: project budget

X4: project technological innovation

β_0 = Constant

ε = the error term

$\beta_1, \beta_2, \beta_3$ = Independent variables' regression coefficients

4. REGRESSION RESULTS

Coefficients of Regression Model:

Table 4: 14 Model Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.070	.374		.187	.853
Accessibility to Finances	.426	.101	.467	4.199	.000
Education level	.726	.146	.689	4.983	.000
Entrepreneurship skills	.574	.168	.553	3.412	.001
Compliance with Tender requirements	.462	.112	.371	4.106	.000
a. Dependent Variable: Access to Govt procurement opportunities					

The results in Table 4.1 revealed that accessibility to finances, education level, entrepreneurship skills and compliance with tender requirements significantly predicted access to Government procurement opportunities at 5% level of significance. This was indicated by significant p-values ($p < 0.0001, < 0.0001, 0.001$ and < 0.0001 respectively).

The model from Table 4.1 was as follows:

$$Y = 0.070 + 0.426 X_1 + 0.726 X_2 + 0.574 X_3 + 0.462 X_4$$

Where Y = access to Government procurement opportunities, X₁ = accessibility to finances, X₂ = education level, X₃ = entrepreneurship skills, X₄ = compliance with tender requirements

The model indicated that a unit increase in accessibility to finances increased access to Government procurement opportunities by 0.426 units; a unit increase in education level increased access to Government procurement opportunities by 0.726 units, a unit increase in entrepreneurship skills increased access to Government procurement opportunities by 0.574 units and finally, a unit increase in compliance with tender requirements increased access to Government procurement opportunities by 0.455 units.

5. CONCLUSION

Following the findings of the study, it can be concluded that access to finances, education level, entrepreneurship skills and compliance with tender requirements have an effect on access to GPO by enterprises owned by PWDs. Education was seen to be critical towards access of GPO by enterprises owned by PWDs followed by entrepreneurial skills which involves innovativeness in doing business. Access to finances was also found to be a key factor as majority indicated they don't easily have access to finances which would better their chances of access to GPO. Compliance to tender requirements was also a key factor towards access to GPO by enterprises owned by PWDs. Majority of the businesses owned by PWDs was found not to understand the tendering processes though the tendering process is affordable, and that tender requirements were not friendly.

6. RECOMMENDATION

Following the first objective, access to finance plays a key role in accessing GPO enterprises owned by PWDs. Therefore, banks and other financial Institutions should be very supportive to the enterprises owned by PWDs by making the terms more lenient to them so as to help them easily access finances required to grow their businesses and effectively compete for the GPO. Again the fund for people with Disabilities should be enhanced and made more accessible as it would help them finance their businesses. The government should ensure that public institutions make payment for services rendered by enterprises owned by PWDs on a timely manner as these finances will enable them supply other pending orders.

Education was also found to be one of the main determinants of access to GPO. Therefore, it is recommended that the Government should make education for PWDs more accessible and easy to learn by providing necessary facilities. It should also sensitize parents on the need to educate children with disabilities and fully finance it. Again, persons living with disabilities are encouraged to enroll in trainings as well as their employees to enhance their skills.

Entrepreneurial skill was also a key determinant of access to GPO. Enterprises owned by PWDs are encouraged to be more innovative in doing business and to also train their staff/employees in order to acquire entrepreneurial skills which will give them a competitive edge. By acquiring Entrepreneurial skills the proprietors of PWD enterprises and their employees will be self-motivated and will also be in position to take calculated risks which will increase their chances of accessing GPO.

Finally, following the fourth objective, enterprises owned by PWDs should make it their ambition to fully understand the tendering process and meet all the mandatory tendering requirements as it is a key determinant of access to GPO. They should attend workshops/ seminars organized by Public Procurement Regulatory Authority. The Government has made it very easy and affordable for them to acquire relevant business documents through the Huduma Centres thus no excuse of not possessing the mandatory tender requirements. The Government should also consider giving tenders in forms that can be understood by persons with disability e.g. brail for the blind for easy understanding.

Suggestions for Further Research:

The study variables only accounted for 73.9% of access to government procurement opportunities by enterprises owned by persons with disabilities. A more detailed study can be conducted to establish the other factors that affect enterprises owned by persons with disabilities in access to government procurement opportunities.

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