

FACTORS AFFECTING IMPLEMENTATION OF THE PUBLIC PROCUREMENT AND ASSET DISPOSAL ACT (PPADA) 2015 IN COUNTY GOVERNMENTS: A CASE STUDY OF MOMBASA COUNTY

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Abstract: Kenya's decentralization was among the most rapid and ambitious devolution processes going on in the world, with new governance challenges and opportunities as the country builds a new set of county governments from scratch. Since the promulgation of the Kenyan constitution in 2010, there has been a promising economy due to the changes into County government structures which was expected to bring development resources closer to the people. County governments are governed by the Public procurement rules just as in state owned companies and ministries in Kenya. The purpose of this study was to establish the factors affecting the implementation of the PPADA, 2015, in county Governments, with a case study of Mombasa County Government. The study had four specific objectives which are: to establish the effects of financial resources, technology, organizational structure and ethics and reinforcements on implementation of the PPADA, 2015. In county Governments. The theories that were studied included the Force field theory, public value theory and maximum social advantage theory. The study employed descriptive and inferential research designs. The target population was workforce of 118 employees in the Procurement department of the county government of Mombasa. The study adopted stratified random sampling to come up with a sample of respondents who are directly involved in the implementation of the Public procurement and Disposal Act, 2015. The population was divided into strata to help in selecting a sample size that represented the entire population. A total of (91) employees representing the entire target population from the Mombasa County Government finance and Procurement Departments was used as a sample. Data collection was done by use of questionnaires. Data analysis and data interpretation was based on descriptive statistics as well as inferential statistics mainly regression analysis and correlation analysis. SPSS version 22 was used in data analysis. The study findings indicated that there was strong positive correlation between the independent variables and the dependent variable. The value of adjusted R squared is 0.771, shows that there was variation of 22.9% that needs to be investigated. The study concludes that financial resources, technology, ethics and reinforcement are the key determinants in implementation of public procurement and that the county governments should focus and invest in e-procurement, encourage open tendering, transparency and accountability in procurement processes cycle. The study recommends that national government need to allocate more financial resources to county government more resources for effective and efficient delivery of services. The study recommends that County government should focus on cost reduction by adapting procurement technology. Hence, county government should tap into this technology to enhance their procurement activities and speed up the procedures in their supply chain. Lastly the study recommends that the governments should set up control mechanisms to help identify potential risks and report detected irregularities in procurement process.

Key Words: Financial Resources, technology, ethics & reinforcement.

1. INTRODUCTION:

General Objective

The general objective of the study was to determine the factors affecting the implementation of the Public Procurement and Asset Disposal Act (PPADA) 2015 in County Governments in Kenya.

Specific Objectives

- To establish the effect of Financial Resources on implementation of the PPADA 2015 in County Government of Mombasa
- To evaluate the effect of technology on the implementation of PPADA 2015 in County Government of Mombasa.

- To determine the effect of Ethics in the implementation of the PPADA 2015 In County Government of Mombasa.
- To assess the effect of reinforcements on the implementation of PPADA 2015 in County Government of Mombasa.

2. LITERATURE REVIEW:

Theoretical Framework

Force field Analysis Theory

According to (Mulder, 2017) Force Field Analysis is a technique to visually identify and analyze forces affecting a problem or situation so as to plan a positive change. It has been used in diverse fields ranging from organizational change to self-development. Change is very difficult to accept for people and they would much rather see that everything remains 'the same'. This also applies to companies and organizations where it is important to implement changes. This is a method in which a team or an organization can predict in advance what the expected resistance will be to the proposed change. Change within an organization can be effected in different ways. This may include reorganization, the introduction of a new technology, introduction of new machines, and adjustment of production or changes in work processes.

Public Value Theory

Public Value Theory aims at reinvigorating the role of publicly formed values in public administration theory and research. It attempts to reconcile the conceptual antagonisms between Traditional Public Administration that seeks to limit corruption and bring expertise to administration by establishing a more autonomous legal rational organization and New Public Management that focuses almost exclusively on sharply reducing public bureaucracy through measures and organizational practices based on economic efficiency (Moore,2010) Rather than viewing these divergent approaches to public administration either as dichotomies or rejecting them, Public Value Theory recognizes the important dimensions of public administration that they raise and incorporates their most salient features in a more inclusive approach that emphasizes the role of values (Turkel et al, 2016) Public administration in the 21st century is undergoing dramatic change, especially in advanced economies, but also in many parts of the developing world. Globalization and the pluralization of service provision are the driving forces behind these changes

The Principle of Maximum Social Advantage Theory

The principle of maximum social advantage is one of the core aims of public economics. Public economics deals with the study of management of resources of an economy. It consists of many things like public revenue, public expenditure, and public debt. Taxation and public expenditures are the significant matters of public finance (Irshad, 2017). Broadly public finance has two sides like public expenditure and public revenue. Public revenue are those which collects from the public to government treasury. It may be in the forms of taxation, fees, fines, charges etc. Public expenditure are those which are incurred from the part of government. It may be in different forms like social welfare programs, defense, and infrastructural developments and so on. This is where public procurement falls.

Review of Literature Variables

Financial Resources

Budgeting is the process where a government body sets its priorities as to how it intends to spend an amount of money over a specific time period (usually annually or semi-annually) throughout the budgeting cycle (Lammerhirt, 2017). Budgeting is obviously one of the most effective ways to meet profit goals and avoid maverick spend .The government of Kenya through the Budget for each financial year, allocates funds to the County governments in close consultations with the CRA and guided by the proposed County Allocation of Revenue Bill 2015 as prepared by the National Treasury.

Technology

Without procurement, all manufacturers come to a halt (Miller, 2016). He adds that ERP Functionality in many organizations has been overlooked and its importance undermined. Procurement software is a computer program or suite that allows an organization to automate the processes of purchasing materials and maintaining an inventory of goods (Miller, 2016). Information Technology is an investment, and it is crucial that such an investment be supportive of your evolving technological needs yet sensitive to the fiscal realities of an organization. Procurement's evolving, and so is procurement technology. As enterprise procurement organizations transform from tactical teams focused on cost reduction to strategic entities that drive enterprise-wide value, the role of procurement technology in enabling this transition has become even more critical (GEP, 2017).

Procurement Ethics

In public procurement, the principle of integrity is two-fold. There is the integrity of the procurement process, and also the integrity of public procurement practitioners. Integrity translates to reliability. Bidders and all other stakeholders need to have assurance that they can rely on any information disseminated by the procurement

entity, formally or informally. (Lynch, 2013). The integrity of the procurement process assures confidence in the public procurement process. When solicitation documents are issued by the procurement entity, the information provided should be reliable and free of uncertainty or predisposition.

3. RESEARCH METHODOLOGY:

Research Design

The study adopted a descriptive research design in order to provide a framework to examine current conditions, trends and status of events. According to (Shuttleworth, 2017), descriptive research design is more investigative and takes place in a completely natural and unchanged environment. This design was of importance since it involved observing and describing the behavior of a subject without influencing it in any way. The objective of descriptive research was to answer who, what, when, where, which, why and how of the subject under study. Data collection methods used was structured questionnaires which were administered to the respondents. The questionnaires were structured and standardized to allow equal opportunity to the respondents to give valuable information.

Sample and Sampling Techniques

The researcher used stratified random sampling technique to obtain a sample size of respondents; this involved dividing the target population into sub groups in order to get equal representation of staff. According to (Alvi, 2016), this sampling technique was appropriate as the targeted population was differentiated with various characteristics and job descriptions. When the population was grouped to strata, its measurement became more manageable and it was cheaper (Hunt, 2013).

The researcher used Yamane sample formulae to calculate the sample size. According to him for an 95% confidence level and $p=0.5$, size of the sample should be

$$n = \frac{N}{1 + N(e)^2}$$

Where, N is the population size and e is the level of precision. Let this formula be used for our population, in which N =118 with $\pm 5\%$ precision. Assuming 95% confidence level and $p =0.5$, we get the sample size as

$$n = \frac{118}{1+ 118(.05)^2}$$

n = 91

Data Processing, Analysis & Presentation

Data analysis is the process of systematically applying statistical and logical techniques to describe and illustrate, condense and recap and evaluate data (Responsible conduct in data management, 2017) The data collected from the field was assessed and edited accordingly to remove all errors. Data collected from the field was processed to correct errors and omissions as well as missing values. The researcher used inferential and descriptive statistics for further analysis. The qualitative data was analyzed to give the researcher valuable feedback to base the conclusions upon. The researcher intended to use Statistical Package for Social Sciences (version 22) and Ms Excel to analyze quantitatively using the frequency and percentages.

The regression model is as follows:

$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \alpha$ Where Y is the dependent variable (Implementation of public procurement and assets disposal act, 2015), β_0 is the regression coefficient[constant], $\beta_1, \beta_2, \beta_3$ and β_4 are the slopes[regression coefficients] of the regression equation,

X_1 financial resources

X_2 technology

X_3 ethics

X_4 reinforcement

4. RESEARCH FINDINGS AND DISCUSSIONS:

Financial Resources

Table 4.1: Financial Resources

	N	Mean	Std. Deviation
The Government budget allocation for county governments is adequate for procurement of goods, services and works	85	4.31	1.423
There is proper management of the allocated funds at the county	85	4.05	1.618

level			
Procurement budget is an important tool to ensure proper management of procurement funds	85	4.26	1.283
A lot of money is embezzled out of the allocated for procurement functions	85	4.35	1.343
There is strong financial support given to suppliers at the county government to help them deliver quality goods and services	85	4.20	1.281
Valid N (listwise)	85		

Respondents agreed with a mean of 4.05 and standard deviation of 1.618. Respondents also agreed with a mean of 4.26 and standard deviation of 1.283 that procurement budget is an important tool to ensure proper management of procurement funds. This is consistent with Barnett (2016) assertion that budget is part of the management control for effective and efficient use of fund to achieve organization’ objectives. On whether a lot of money is embezzled out of the allocated for procurement functions, majority respondents agreed with a mean of 4.35 and standard deviation 1.343. This concurs with OECD (2016) findings that public procurement is one of the government activities most vulnerable to corruption.

Technology

Table 4.2: Technology

	N	Mean	Std. Deviation
There’s a good working procurement ERP system used by the county procurement department for procurement of, services and works	85	4.26	1.283
I have received proper training on the use of ERP used at the county for procurement processes	85	4.51	1.211
E-procurement technologies have made significant improvements to the overall procurement efficiency and effectiveness	85	4.31	1.423
When we invest in new technology in procurement, we are able to significantly cut on the procurement costs of the county	85	4.29	1.221
The county government has extensively invested in system security for the procurement and warehousing operations	85	4.25	1.281
Valid N (listwise)	85		

On whether investing in new technology in procurement, can significantly cut on the procurement costs of the county. Respondents strongly agreed with a mean of 4.29. This is in agreement with Njoroge et al, (2016) observation that cost savings, competitiveness, transparency and value for money can be achieved when public institutions fully implement and operationalize procurement. Respondents also agreed that county government has extensively invested in system security for the procurement and warehousing. This evidenced by a mean of 4.25 and standard deviation of 1.281.

Ethics

Table 4.3: Ethics

	N	Mean	Std. Deviation
There are high ethical standards in the procurement processes at the county level	85	4.26	1.283
There are no cases under investigation by the EACC or the PPOA on county procurement	85	4.31	1.423
The county has invested on training and sensitization programs on the Procurement laws for procurement staff	85	4.23	1.283
The implementation of the PPADA 2015 has brought tremendous changes to the procurement processes in the county	85	4.22	1.273
There exists a good working relationship between top management and the procurement department at the county government	85	4.31	1.282

Valid N (listwise) 85

On whether implementation of the PPADA 2015 has brought tremendous changes to the procurement processes in the county. Respondents' responded in agreement with the statement as indicated with a mean of 4.22 and standard deviation 1.273. Respondents were also in agreement with a mean of 4.31 and standard deviation .1282 that there exists a good working relationship between top management and the procurement department at the County Governments.

Reinforcement

Table 4.4: Reinforcement

	N	Mean	Std. Deviation
The procurement staff have often received training on the PPADA implementation	85	4.08	1.583
There are adequate accountability reporting tools for procurement staff at the county government	85	4.27	1.467
There are regular procurement audits conducted in the procurement department at the county government	85	4.31	1.337
There are very few corrupt cases being investigated by the PPOA since devolution came into place	85	3.84	1.675
Procurement processes at the county level are transparent and fair for all the procurement staff	85	4.51	1.211
Valid N (listwise)	85		

Respondents agreed as indicated with a mean 4.27 that there are adequate accountability reporting tools for procurement staff at the county government. This is affirmed by existence of legal framework and regulations that was first enacted in the 1960s to a system to the introduction of the Public Procurement and Disposal Act in 2005, Public Procurement and Disposal Regulations of 2006, the Public Procurement and Disposal (Amendment) Regulations, 2009, The Public Procurement and Disposal (Public Private Partnerships) Regulations, 2009, The Public Procurement and Disposal (Preference and Reservations) Regulations, 2011 and The Public Procurement and Disposal (County Governments) Regulations, 2013(PPOA, 2017). However respondents were neutral as indicated with a mean of 3.84 above that there are very few corrupt cases being investigated by the PPOA since devolution came into place.

Coefficient of Determination

As for this study a multiple regression analysis was performed to investigate factors affecting implementation of the public procurement. The study used statistical package for social sciences (SPSS version 22) to compute the effects of factors affecting implementation of the public procurement. The table 4.13 below shows that the coefficient of determination which shows the variation in dependent variables due to change in the independent variables was 0.771. This explains the extent to which changes in the dependent variable can be explained by change in the dependent variables or the percentage of variation in the dependent variable (Implementation of public procurement) that is explained by all independent variables. From the findings this meant that 77.1% of Implementation of public procurement was attributed to combination of the four independent factors investigated in this study also indicating that there was a strong positive relationship between the study variables as shown by correlation coefficient R 0.878. The value of adjusted R squared is 0.771, shows that there was variation of 22.9% that needs to be investigated.

Table 4.5 Coefficient of Determination (R²)

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	F Change	Sig.
1	.878 ^a	.771	.750	1.878	71.1880	.000

a Predictors: (Constant), Reinforcement, Ethics, Finance, Technology

Analysis of Variance (ANOVA)

The study used ANOVA to establish the significance of the regression model. In testing the significance level, the statistical significance was considered significant if p-value was less or equal to 0.05. The significance of the

regression model is as per Table 4.14 below with p-value of 0.00 which is less than 0.05. This indicates that the regression model is statistically significant in predicting factors affecting implementation of the public procurement. Basing the confidence level at 95%, the analysis indicates high reliability of the results obtained.

Table 4.6 Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	848.050	4	212.012	71.188	.000b
	Residual	238.256	80	2.978		
	Total	1086.306	84			

a Dependent Variable: implementation

b Predictors: (Constant), Reinforcement, Ethics, Finance, Technology

Multiple Regression Analysis

The researcher conducted a multiple regression analysis as shown in Table 4.15 so as to determine the relationship between implementation of public procurement and four variables investigated in this study.

Table 4.7 Multiple Regression Analysis

Model		Coefficients				t	Sig.
		Unstandardized Coefficients		Standardized Coefficients			
		B	Std. Error	Beta			
1	(Constant)	2.691	1.382			1.948	.000
	Finance	.274	.090	.280		3.032	.000
	Technology	.856	.084	.987		10.182	.000
	Ethics	.364	.069	.524		5.272	.000
	Reinforcement	.119	.065	.110		1.820	.000

a. Dependent Variable: implementation of public procurement

As per the table above, the established regression equation was;

$$Y = 2.691 + 0.274X_1 + 0.856X_2 + 0.364X_3 + 0.119X_4 + \epsilon$$

5. CONCLUSION:

The results from the instruments used for data analysis and interpretation were recorded. From the research study, it is evident that financial resources, technology, ethics and reinforcement are the key determinants in implementation of public procurement and that the county governments should focus and invest in e-procurement, encourage open tendering, transparency and accountability in procurement processes cycle. If these variables are considered in terms of ability to motivate, support, communicate and be innovative, corruption will be minimized greatly.

6. RECOMMENDATIONS:

- The study found out that adequate financial resources allocation is a key determinant in the effective and efficiency of procurement. It is therefore recommended that national government need to allocate more financial resources to county government more resources for effective and efficient delivery of services.
- The study revealed that the absence of ethics has led to illegal activities or illicit behaviour characterized by corrupt practices. It is therefore recommended that ethics infrastructure with its core principles to be established with enforceable codes of conduct, professionalism, effective legal framework, efficient accountability mechanisms, and a creating a vibrant civil society.
- The study also revealed that ERP functionality in many county government has been overlooked and its importance undermined. It is therefore recommended that County government should focus on cost reduction by adapting procurement technology. Hence, county government should tap into this technology to enhance their procurement activities and speed up the procedures in their supply chain.
- The study also revealed that transparency and accountability are essentially in public procurement processes. It therefore recommends that the governments should set up control mechanisms to help identify potential risks and report detected irregularities in procurement process.

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