DETERMINANTS OF PROCUREMENT PERFORMANCE IN COUNTY GOVERNMENTS IN KENYA

Munyoki, R., & Moroge, M.
DETERMINANTS OF PROCUREMENT PERFORMANCE IN COUNTY GOVERNMENTS IN KENYA

Munyoki, R.,¹* & Moronge, M.²

¹*Msc. Candidate, Jomo Kenyatta University of Agriculture & Technology [JUAT], Kenya
² Ph.D, Lecturer, Jomo Kenyatta University of Agriculture & Technology [JUAT], Kenya

Accepted: October 6, 2019

ABSTRACT
The study sought to establish the determinants of procurement performance in the county governments of Kenya. Descriptive research design was used for the study. The target population for this study was 160 procurement related officers drawn from different procurement related departments in the eight county governments in Kenya that were established by the new constitution in 2010 namely; Kiambu, Mombasa, Kitui, Nairobi, Garissa, Kisumu, Bomet and Kakamega. Primary data was used to collect using questionnaires. The quantitative data was entered into SPSS for analysis. Both quantitative and qualitative data analysis techniques were used. It was notable that there existed a strong positive relationship between the independent variables and dependent variable under study. The independent variables in the study were able to explain 63.80% variation in the procurement functions while the remaining 36.20% were explained by the variables or other aspects outside the model. This indicated that procurement planning, contract management, procurement outsourcing, resource allocation need to be well adopted to enhance procurement functions in the county governments in Kenya. The study recommended that top level and lower level employees should be involved in formulation and development of the procurement plans so as to make the process of implementation easier and acceptable by all employees. The procurement personnel's in county governments need to carefully study and understand the applicable procurement thresholds in different situations and relevant procurement method applicable. The study recommended that there is need for county government to create and maintain a good relationship with the contractors. There should be a mutual trust between the contractor and county government. There is need to ensure that the county government achieve the expected results and both parties should terminate the contracts effectively. The study recommended for procurement outsourcing especially changes in the suppliers, receives quotations, quality and price to identify the suppliers. The study recommended that resource allocation is important for procurement functions county governments in Kenya. The county government allocation of resources in the procurement process should be commendable. There should be budget reviewing to cater for changes in the economic environment.

Key Words: Procurement Planning, Contract Management, Outsourcing, Resource Allocation

INTRODUCTION
The government is the main provider of essential services such as health, education, defence and infrastructure. This is done through procurement function, making it to be very important, and the sheer magnitude of procurement outlay has a great impact to the economy and needs to be well managed. Each county has its own economic social, cultural and political environment and each country’s public procurement practitioners face different types of challenges, indeed in all countries in the world, estimates of financial activities of the government procurement are believed to be in 10%-30% of GNP (Callender & Mathews, 2000).

Based on reports from the National Institute of Statistics and Geography (NISG), the Mexican Institute for Competitiveness (Mexico: IMCO, 2011). 148 indicates that states in Mexico spend more than 60 million pesos of their annual tax revenues on the purchase of goods and services. This corresponds to 4% expenditure on roads and 30% of the annual budget for the Popular Security. Citizens are interested in the way state governments exercise their purchases, because they are the ones who generate public resources and ultimately benefit or suffer from the officials’ purchasing decisions. According to the Comptroller General of the Federal District, the Government of the Federal District reported the following public purchases between 2010 and 2011: in 2010, consolidated purchases reached a spending cap of $4,838,860,622 pesos; in 2011, it reached $5,902,062,759. There was an increase of 21.97%, or $1,063,202,137 pesos more than in the previous year. Throughout 2010 and 2011, there was increased use of restricted invitation and direct award, except for consolidated purchases, where public bidding was used more frequently in both years. This means that despite most procurement processes being awarded directly or by invitation, most of the budget is spent on bidding processes.

Procurement practice in Kenya has gone through a lot of reforms since independence. At 1959, Supplies and Transport departments existed for the entire government under the Ministry of Works. Later Market Research, Inspection of Materials and Central Tender Board (CTB) were established and were responsible for procurement and tender award. Later reforms involved the movement of the Central Tender Board within the government system. Before 1974, public procurement in Kenya was largely undertaken by foreign organization like crown agents on behave of the government. This was so because the local source was not adequate. Public procurement regulations and guidelines were issued through Treasury circulars (Akech, 2005). In 1978, the East African Community developed procurement guidelines under the East African Supplies Manual. This document replaced the function of the Crown agents and it was used for all procurement in the Republic.

In Kenya, county governments are geographical units that the 2010 Constitution of Kenya envisaged as the units of devolved national government. Articles 191 and 192, the fourth schedule of the Constitution of Kenya, as well as the County Government Act of 2012 address these provisions. Each county also forms a one-member constituency for electing a representative to the Kenyan senate and a special women’s representative to the National Assembly of Kenya. By the 2013 general elections in Kenya, there were 47 counties that obtain size and boundaries from the previous Kenyan constitution’s acknowledged 47 districts. After the country’s national administration was restructured, counties were incorporated into the new national administration, where the national government appointed commissioners to represent it at county levels. It is government policy to permit unrestricted competition for procurement opportunities without favoritism in a clear, fair and accountable fashion to
ascertain the attainment of value for money in all public procurement.

**Statement of the Problem**
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 (OECD, 2016). Further, the poor procurement performance is a common problem in the many county governments with an immeasurable cost spiraling to over USD 10 million (Ksh, 85 billion) annually. In Kenya, more than 50% of the corruption cases alleged in the devolved governments are related to poor procurement functions (Owalla, 2016). The inefficiency and incompetence of overall administration and management of Procurement function in many county governments contributes to loss of Ksh. 50 billion annually (PPOA, 2015).

From the empirical standpoint, studies have been conducted but have not focused on procurement functions especially on determinants of procurement functions in the public sector is scarce. For example, Musau (2015) sought to determine the determinants of procurement function and its role in organizational effectiveness at Moi Teaching and Referral Hospital. Wahu, Namusonge, Mungai and Chillion (2015) sought to analyze the factors affecting the performance of the procurement function in Kenyan public secondary schools. Ngwili and Were (2014) assessed the factors affecting the public procurement function at the public institutions in Kenya with a case study of Supplies Branch, Nairobi. Rotich and Okello (2015) study aimed at examining the relationship between e-procurement and procurement performance of County Governments in Kenya.

The afore mentioned studies have not specifically addressed the determinants of procurement functions in the public sector specifically in the county governments in Kenya. Therefore, this developed a major knowledge gap on determinants of procurement functions in the county governments in Kenya. It is against this background that the study intended to fill the knowledge gap by examining the determinants of procurement performance in the county governments of Kenya.

**General Objectives**
The aim of the study was to establish the determinants of procurement performance in the county governments of Kenya. The specific objectives were;

- To determine the effect of procurement planning on procurement performance in the county governments of Kenya.
- To establish the effect of contract management on procurement performance in the county governments of Kenya
- To examine the effect of outsourcing practices on procurement performance in the county governments of Kenya
- To assess the effect of resource allocation on procurement performance in the county governments of Kenya.

**LITERATURE REVIEW**

**Transaction Cost Economics (TCE) Theory**
The transaction cost theory was proposed by Coase (1937). This theory addresses questions about why firms exist in the first place (i.e., to minimize transaction costs), how firms define their boundaries, and how they ought to govern operations. According to Patrick, (2010) TCE was originally developed to help to determine the efficiency of governance structures in the private sphere.

Simon and Evenett (2005) argue that parties have to bid for the right quality of goods and services and the award has to go to the bidder offering the lowest price. Firstly, where competitive bidding can indeed be an effective way of determining the lowest cost supplier when the price of the good or service being procured is the buyer’s only concern, it works less well for complex goods and services where the buyer
cares more for the quality, reliability, and other attributes of the procurement (Golinelli, 2009).

**Auction Theory**
According to Gunnar Alexandersso and Staffan Hultén (2006) open tendering when contracting out public services is similar to performing common value auctions with a sealed-bid procedure. However, the price of the bidders may not be the only factor (although often the most important) to take into account. The procuring public authority typically evaluates the competing bids regarding both price and quality once the bidding process has ended. He argues that, competitive tenders combine traits, advantages, disadvantages and risks, of both auctions and beauty contests.

**Resource Based View Theory**
The resource-based view (RBV) as a basis for the competitive advantage of a firm lies primarily in the application of a bundle of valuable tangible or intangible resources at the firm's disposal. To transform a short-run competitive advantage into a sustained competitive advantage requires that these resources are heterogeneous in nature and not perfectly mobile. Effectively, this translates into valuable resources that are neither perfectly imitable nor substitutable without great effort. If these conditions hold, the bundle of resources can sustain the firm’s above average returns (Crook et al., 2008).

---

### Independent Variables

**Figure 1: Conceptual Framework**

#### Procurement Planning
- Need identification
- Adherence to procurement plans
- Timely procurements

#### Contract Management
- Internal controls
- Contract timelines
- Monitoring & Evaluation

#### Outsourcing Practices
- Single sourcing
- Multiple sourcing
- Global sourcing

#### Resource Allocation
- Adequacy of resources
- Budget reviews
- Availability of resources

---

### Empirical Review
Gikunda (2013) study focused on procurement planning and service delivery in Kenyan state corporations. The study found out that the main factors affecting procurement planning and service delivery in State Corporation in Kenya include corruption, provision of better infrastructures such as roads and electricity lagging behind for years, investment climate, government policies, challenge of limited skilled personnel to meet the rising needs of local people and challenge to get the right service provider with the equipment’s to do the job well. The study recommends further research on governments need to develop
effective procurement planning and service delivery in the State Corporations.

Kibet and Njeru (2014) sought to establish the influence of procurement portfolio management on procurement performance, effects of logistics management on procurement performance and the impacts of adherence to procurement plans on procurement performance on public corporations. The study found out that there existed a strong relationship between procurement planning and procurement performance, therefore the study concludes that the presence of a procurement portfolio, efficient logistics management and adherence to procurement plans positively affects procurement performance in institutions. The purpose of procurement planning therefore is to be able to utilize the available resources to achieve the overall procurement objectives.

Cherotich (2014) sought to establish the effect of effective contract management practice on operational performance of state corporations in Kenya. The study used a descriptive, cross-sectional survey research design, with a target population of all the 187 state corporations in Kenya. It also employed a simple random sampling method with a sample size of 50 state corporations. Data was collected using questionnaires, analyzed using SPSS and presented using charts, tables, and graphs. The study findings indicated that state corporations practice effective contract management, which has a positive effect on their operational performance.

Yegon and Njeru (2014) sought to examine factors that determine the effectiveness of procurement contract management of selected state corporations in Nakuru County. This study adopted descriptive research design. The target population of this study comprised of 28 procurement staff, 28 finance staff, and 30 management staff from 10 selected state corporations in Nakuru County. Findings reveal that there is a negative and statistically significant relationship between compliance with contract terms and conditions and the effectiveness of contract management (β=-0.200, p= 0.045). Findings also revealed that there is a positive and statistically significant relationship between the quality of contract documentation and the effectiveness of contract management (β=0.243, p=0.042). The study recommends that state corporations should place more emphasis on improving the quality of contract documentation in order to enhance the contract management process.

Several studies have investigated the effects of outsourcing practice on procurement performance of different organizations around the world (Elmuti, 2010; Khaki & Rasidi & Jiang et al. & Arvanitis & Loukis & Smith, 2012). The study of Elmuti (2010) investigated the perceived impact of outsourcing on organizational procurement performance in the USA universities. This study examined the relationships between outsourcing strategies and organizational performance in 150 schools of higher learning widely spread in the USA. It further assessed the procurement performance of outsourcing strategies in use by these organizations as well as their organizational performance.

Lau and Hurley (2007) find a significant relationship between outsourcing and profitability margin where they found that Chryslers profit margin is four times as high as that of GM due to effective outsourcing through strategic alliances. Frayer, Scannell, and Thomas (2010) suggest that companies are increasingly viewing outsourcing strategies as a means of reducing costs, increasing quality, and enhancing a firms overall competitive position. The increasing use of outsourcing arrangements, as well as the unfamiliar complexity, suggest the need to know more about how to effectively utilize this strategy. Consequently, more information is needed to understand successful outsourcing and problems encountered in outsourcing activities and its impact.
on overall organizational performance (Mackler, 2009).

Ouma and Kilonzo (2014) sought to determine how resources allocation planning influences public procurement in Kenya. Using a case study of public financial institutions, purposive sampling was used to select 12 firms involved in financial services provision. The public procurement Acts (2005) and Regulations (2006) and revised (2010) were used as a guide on the resource allocation procedure as employed in public institutions. Results show that (i) resources allocated to public financial sector were not enough (ii) Resource allocation affected procurement performance. It is recommended that public entities try and balance resource allocation and even allocate more funds to departments in charge of procurement since cost cutting and efficiency measures implemented at the procurement level will affect all the other departments in the organization.

Matindi and Ngugi (2013) focused on the determinants of procurement performance at Kenya National Highways Authority (KeNHA), Kenya. The target population for this study was 180 management staff from three levels of management. Stratified random sampling technique was employed to select the sample of 55 respondents, which is 30% of the target population. The study also concludes that VFM is associated with deployment of resources for realization of some expected value in an economic, efficient and effective manner; that transparent procurement procedures can contribute to a more efficient allocation of resources through increased competition; that procurement regulations are to harmonize public procurement performance in the public sector to ensure judicious, economic and efficient use of public resources.

METHODOLOGY

This study used a descriptive research design to help in indicating trends in attitudes and behaviors and enable generalization of the findings of the research study to be done. The target population in this study was drawn from the eight county governments in Kenya that were established by the new constitution in 2010 namely; Kiambu, Mombasa, Machakos, Nairobi, Garissa, Kisumu, Bomet and Kakamega. The total population was 106 procurement related officers concerned with procurement related matters drawn from the Procurement, ICT, Finance departments. Sampling frame was drawn from the list of the 106 procurement related officers according to the human resource data. The study used primary forms of data. The study collected data using drop and pick method. Reliability analysis was used to assess internal consistency among the variables of study. Multiple regression model was employed in the study to test the relationship between the (independent variables) procurement planning, contract management, outsourcing practices and resource allocation on the procurement functions in the county governments of Kenya (dependent variable). Equation below shows the linear regression model of the independent variables against the dependent variable that was adopted by the study.

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

Where:
- \(Y\) = dependent variable (Procurement functions).
- \(X_1\) = Procurement planning
- \(X_2\) = Contract management
- \(X_3\) = Outsourcing Practices
- \(X_4\) = Resource allocation
- \(\varepsilon\) = Error term, which is assumed to be normally distributed with mean zero and constant variance.

RESULTS

Procurement Planning

The study sought to assess the influence of procurement planning on the procurement procurement performance in the county governments of Kenya. This section presented the findings to statements posed in this regard with responses given on a five-point likert scale (where 1 =
Strongly disagree; 2 = Disagree; 3 = Neutral; 4 = Agree; 5 = Strongly Agree). Table 1 presented the findings. The scores of ‘strongly disagree’ and ‘disagree’ were taken to represent a statement not agreed upon, equivalent to mean score of 0 to 2.5. The score of ‘Neutral’ was taken to represent a statement equivalent to a mean score of 2.6 to 3.4. The score of ‘agree’ and ‘strongly agree’ have been taken to represent a statement highly agreed upon equivalent to a mean score of 3.5 to 5.0.

Majority of respondents were found to be neutral with the statement posed in regard to the influence of procurement planning on the procurement performance in the county governments of Kenya. The study established that the Procurement planning set in motion the entire procurement process in the county (Mean=4.234; Std=.987). Thorough needs assessment was undertaken by the respective heads for goods and services needed (Mean=3.908; Std=.234). The user departments clearly specified when to utilize the required goods and services (Mean=4.234; Std=.127). Budget approval is obtained for the required items before purchase in the county (Mean=4.213; Std=.098). There is adherence to the procurement plans in the county (Mean=4.287; Std=.007). The study findings implied that procurement planning does influence procurement performance in the county governments of Kenya.

The study findings were in tandem with literature review by Byokusheka (2010) and Basheka (2004) argued that employees involvement is very critical in formulation of procurement plans and the top management need to have necessary leadership skill which would enable them involve all employees in decision making. The study finally indicated that the procurement thresholds are being observed to a small extent especially in the deciding which procurement method should be applied. This implied that the organization is not fully adhering to the procurement rules relating to procurement threshold. The findings were contrary to PPADA (2015) which indicates that the organizations must fully comply to the laid down procurement rules and regulation.

<table>
<thead>
<tr>
<th>Procurement Planning</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement planning set in motion the entire procurement process in the county</td>
<td>4.234</td>
<td>.987</td>
</tr>
<tr>
<td>Thorough needs assessment is undertaken by the respective heads for goods and services needed</td>
<td>3.908</td>
<td>.234</td>
</tr>
<tr>
<td>The user departments clearly specify when to utilize the required goods and services</td>
<td>4.234</td>
<td>.127</td>
</tr>
<tr>
<td>Budget approval is obtained for the required items before purchase in the county</td>
<td>4.123</td>
<td>.098</td>
</tr>
<tr>
<td>There is adherence to the procurement plans in the county</td>
<td>4.287</td>
<td>.007</td>
</tr>
</tbody>
</table>

**Contract Management**

The study sought to assess the influence of contract management on the procurement performance in the county governments of Kenya. This section presented findings to statements posed in this regard with responses given on a five-point Likert scale (where 1 = Very Poor; 2 = Poor; 3 = Fair; 4 = Poor; 5= Very Poor). Table 2 presented the findings. The scores of ‘Very Poor’ and ‘Poor’ were taken to represent a statement poor, equivalent to mean score of 0 to 2.5. The score of ‘Fair’ has been taken to represent a statement equivalent to a mean score of 2.6 to 3.4. The score of ‘Good’ and ‘Very Good were taken to represent a statement ‘Good’ equivalent to a mean score of 3.5 to 5.0.

Majority of respondents were found to indicate good with the statement posed in regard to the influence of contract management on the procurement performance in the county governments of Kenya. The study established that administering
procurement contracts (Mean=3.879; Std=.008). Communicating contractual obligations (Mean=4.211; Std=.298); performance monitoring in procurement contracts (Mean=3.999; Std=.234). Managing relationships with contractors/suppliers (Mean=4.218; Std=.543). Termination of contracts (Mean= 4.763; Std=.654); contract renewal (Mean= 2.879; Std=.987). The study findings implied that contract management does influence procurement performance in the county governments of Kenya.

**Table 2: Contract Management Statistics**

<table>
<thead>
<tr>
<th>Contract Management</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administering procurement contracts</td>
<td>3.879</td>
<td>.008</td>
</tr>
<tr>
<td>Communicating contractual obligations</td>
<td>4.211</td>
<td>.298</td>
</tr>
<tr>
<td>Performance monitoring in procurement contracts</td>
<td>3.999</td>
<td>.234</td>
</tr>
<tr>
<td>Managing relationships with contractors/suppliers</td>
<td>4.218</td>
<td>.543</td>
</tr>
<tr>
<td>Termination of contracts</td>
<td>4.763</td>
<td>.654</td>
</tr>
<tr>
<td>Contract renewal</td>
<td>2.879</td>
<td>.987</td>
</tr>
</tbody>
</table>

**Procurement Outsourcing**

The study sought to assess the influence of procurement outsourcing on procurement functions in the county governments of Kenya. This section presented findings to statements posed in this regard with responses given on a five-point likert scale (where 1 = Strongly disagree; 2 = Disagree; 3 = Neutral; 4 = Agree; 5 = Strongly Agree). Table 3 presents the findings. The scores of ‘strongly disagree’ and ‘disagree’ have been taken to represent a statement not agreed upon, equivalent to mean score of 0 to 2.5. The score of ‘Neutral’ was taken to represent a statement equivalent to a mean score of 2.6 to 3.4. The score of ‘agree’ and ‘strongly agree’ were taken to represent a statement highly agreed upon equivalent to a mean score of 3.5 to 5.0.

Majority of respondents were found to be neutral with the statement posed in regard to the influence of procurement outsourcing on procurement performance in the county governments of Kenya. The study established that the county government used the same supplier for a long period of time (Mean=4.231; Std=.876); The county government received quotations from only one supplier (Mean=3.859; Std=.444); The county government concentrated on quality and price to identify the suppliers (Mean=3.769; Std=.214); The county government advertised for suppliers across economy boundaries (Mean=4.098; Std=.587). The management decided where to get the commodities from without competition by other suppliers (Mean= 4.008; Std=.056). The study findings implied that procurement outsourcing does influence procurement performance in the county governments of Kenya.

**Table 3: Procurement Outsourcing Statistics**

<table>
<thead>
<tr>
<th>Procurement Outsourcing</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>The county government uses the same supplier for a long period of time</td>
<td>4.231</td>
<td>.876</td>
</tr>
<tr>
<td>The county government receives quotations from only one supplier</td>
<td>3.809</td>
<td>.444</td>
</tr>
<tr>
<td>The county government concentrates on quality and price to identify the suppliers</td>
<td>3.769</td>
<td>.214</td>
</tr>
<tr>
<td>The county government advertises for suppliers across economy boundaries</td>
<td>4.098</td>
<td>.587</td>
</tr>
<tr>
<td>The management decides where to get the commodities from without competition by other suppliers</td>
<td>4.008</td>
<td>.056</td>
</tr>
</tbody>
</table>
Resource Allocation

The study sought to assess the influence of resource allocation on the procurement performance in the county governments of Kenya. This section presented findings to statements posed in this regard with responses given on a five-point likert scale (where 1 = Strongly disagree; 2 = Disagree; 3 = Neutral; 4 = Agree; 5 = Strongly Agree). The scores of ‘strongly disagree’ and ‘disagree’ were taken to represent a statement not agreed upon, equivalent to mean score of 0 to 2.5. The score of ‘Neutral’ were taken to represent a statement equivalent to a mean score of 2.6 to 3.4. The score of ‘agree’ and ‘strongly agree’ have been taken to represent a statement highly agreed upon equivalent to a mean score of 3.5 to 5.0.

Majority of respondents were found to be neutral with the statement posed in regard to the influence of resource allocation on the procurement functions county governments in Kenya. The study established that the county government allocation of resources in the procurement process is commendable (Mean=4.109; Std=.065); There is budget reviewing to cater for changes in the economic environment (Mean=4.218; Std=.984); Tender float is based on the resources availability and confirmation (Mean=4.309; Std=.876); Tender award is based on the resources availability and confirmation (Mean=3.992; Std=.091); There is accountability on resource utilization in the procurement process (Mean= 4.287; Std=.438). The study findings implied that procurement outsourcing does influence procurement performance in the county governments of Kenya.

<table>
<thead>
<tr>
<th>Resource Allocation</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>The county government allocation of resources in the procurement process is</td>
<td>4.109</td>
<td>.065</td>
</tr>
<tr>
<td>commendable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>There is budget reviewing to cater for changes in the economic environment</td>
<td>4.218</td>
<td>.984</td>
</tr>
<tr>
<td>Tender float is based on the resources availability and confirmation</td>
<td>4.309</td>
<td>.876</td>
</tr>
<tr>
<td>Tender award is based on the resources availability and confirmation</td>
<td>3.992</td>
<td>.091</td>
</tr>
<tr>
<td>There is accountability on resource utilization in the procurement process</td>
<td>4.287</td>
<td>.438</td>
</tr>
</tbody>
</table>

Procurement Performance

The study sought to determine procurement procurement performance in the county governments of Kenya reached attributed to the adoption of the procurement planning, contract management, procurement outsourcing and resource allocation. Findings below revealed that improved procurement functions in the county governments in Kenya across the 5 year period running from the year 2014 to 2018. In the reduction of costs, a majority of respondents affirmed having grown incrementally from 0%-20% in 2014 (42.30%), to quality of goods and services by 0%-20% in 2015 (37.7%), 21%-40% in 2016 (3.10%), quality of goods and services improved by more than 40% in 2017 and improved by more than 40% in 2018 (37.50%). A similar trend was recorded in order fulfillment improvement of 0%-20% in 2014 (44.10%), 0%-20% in 2015 (35.20%), 21%-40% in 2016 (36.40%), order fulfillment improved by more than 40% in 2017(41.10%) and improved by more than 40% in 2018 (37.30%). It can be deduced from the findings that key procurement functions in the county governments have considerable improved with the adoption of the procurement planning, contract

Quality of goods and services also recorded positive with a majority affirming a majority of respondents affirmed having grown incrementally from 0%-20% in 2014 (42.30%), to quality of goods and services by 0%-20% in 2015 (37.7%), 21%-40% in 2016 (3.10%), quality of goods and services improved by more than 40% in 2017 and improved by more than 40% in 2018 (37.50%). A similar trend was recorded in order fulfillment improvement of 0%-20% in 2014 (44.10%), 0%-20% in 2015 (35.20%), 21%-40% in 2016 (36.40%), order fulfillment improved by more than 40% in 2017(41.10%) and improved by more than 40% in 2018 (37.30%). It can be deduced from the findings that key procurement functions in the county governments have considerable improved with the adoption of the procurement planning, contract

Table 4: Resource Allocation Statistics
management, procurement outsourcing and resource allocation.

The study findings were in line with the findings by Price Waterhouse Coopers (2014) established that outsourcing has moved markedly from attending to a single function more efficiently, to reconfiguring a whole process in order to attain greater shareholder value across the enterprise. The goals of outsourcing often include reducing labor and overhead costs, maximizing profits, dominating a market, and gaining a competitive advantage. Procurement performance refers to efficiency and effectiveness in acquiring of goods and services in the procurement function in order to change from being reactive to being proactive to attain set performance levels in an entity (Baily et al., 2005). Procurement performance has several benefits to an organization like cost saving, reduced lead time, policy adherence and compliance to procurement regulations (Bolton, 2006). Procurement activities have a relation to the organization’s economic performance which is evident by cost reduction (Kinyanjui, 2012). This can be divided to effects on turnover, gross profit, efficiency, total costs and organization’s equity.

### Table 5: Procurement Performance

<table>
<thead>
<tr>
<th>Reduction of Costs</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduced by 0%-20%</td>
<td>41.9</td>
<td>37.9</td>
<td>33.8</td>
<td>29.7</td>
<td>29.1</td>
</tr>
<tr>
<td>Reduced by 21%-40%</td>
<td>33.2</td>
<td>29.6</td>
<td>34.8</td>
<td>31.3</td>
<td>34.7</td>
</tr>
<tr>
<td>Reduced by more than 40%</td>
<td>24.9</td>
<td>31.5</td>
<td>31.4</td>
<td>39.0</td>
<td>36.2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Quality of goods and services</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduced by 0%-20%</td>
<td>42.3</td>
<td>37.7</td>
<td>31.6</td>
<td>30.7</td>
<td>29.5</td>
</tr>
<tr>
<td>Reduced by 21%-40%</td>
<td>31.8</td>
<td>32.9</td>
<td>36.1</td>
<td>28.2</td>
<td>33</td>
</tr>
<tr>
<td>Reduced by more than 40%</td>
<td>25.9</td>
<td>29.4</td>
<td>32.3</td>
<td>41.1</td>
<td>37.5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Order Fulfillment</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improved by 0%-20%</td>
<td>44.1</td>
<td>35.2</td>
<td>33.4</td>
<td>25.7</td>
<td>27.1</td>
</tr>
<tr>
<td>Improved by 21%-40%</td>
<td>31.7</td>
<td>32.6</td>
<td>30.2</td>
<td>33.9</td>
<td>35.6</td>
</tr>
<tr>
<td>Improved by more than 40%</td>
<td>23.5</td>
<td>32.2</td>
<td>36.4</td>
<td>40.4</td>
<td>37.3</td>
</tr>
</tbody>
</table>

### Multiple Regression Analysis Model

It was notable that there exists strong positive relationship between the independent variables and dependent variable as shown by R value (0.799). The coefficient of determination was between zero and one (Robinson, 2010). The data showed that the high R square was 0.638. It showed that the independent variables in the study were able to explain 63.80% variation in the procurement functions while the remaining 36.20% was explained by the variables or other aspects outside the model. The standard error was minimal with a value of 0.01 meaning the model used in the study would have minimal effects of errors associated with procurement functions. This showed that the model had a good fit since the value is 60%. This concurred with Graham (2012) that R-squared is always between 0 and 100%: 0% indicated that the model explains none of the variability of the response data around its mean and 100% indicates that the model explains the variability of the response data around its mean. In general, the higher the R-squared, the better the model fits the data. This indicated that procurement planning, contract management, procurement outsourcing, resource allocation need to be well adopted to enhance procurement performance in the county governments of Kenya.

### Table 6: Model Summary (Overall)

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R²</th>
<th>Adjusted R²</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.799</td>
<td>.638</td>
<td>.612</td>
<td>.001</td>
</tr>
</tbody>
</table>
F-test was done to test the effect of independent variables on the dependent variable simultaneously. According to Brymann and Cramer (2011), F-statistic test basically shows whether all the independent variables included in the model jointly influence the dependent variable. Based on the study results of the ANOVA Test or F-test obtained, F-count (calculated) value was 37.892 greater the F-critical (table) value 16.876 with significance of 0.000. Since the significance level of 0.000 < 0.05 we concluded that the set of independent variables (procurement planning, contract management, procurement outsourcing, resource allocation) have significant influence on the procurement performance in the county governments of Kenya (Y-dependent variable) and this shows that the overall model was significant.

Table 7: ANOVA Results

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>d.f</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>52.199</td>
<td>4</td>
<td>13.050</td>
<td>37.892</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>29.617</td>
<td>86</td>
<td>.3444</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>81.816</td>
<td>90</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

NB: F-critical value = 16.876

The study conducted a multiple regression analysis so as to determine the relationship between the dependent variable and independent variables. With the aid of model $Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$; $Y = \text{Dependent variable (Procurement performance)}; \alpha = \text{Constant (The intercept of the model)}, \beta = \text{Coefficient of the X variables (independent variables)}; X_1 = \text{Procurement Planning}; X_2 = \text{Contract management}; X_3 = \text{Procurement Outsourcing}; X_4 = \text{Resource Allocation}; \varepsilon = \text{was the error}. Therefore, the general form of the equation was to predict procurement functions from $X_1 = \text{Procurement planning}; X_2 = \text{Contract Management}; X_3 = \text{Procurement Outsourcing}; X_4 = \text{Resource Allocation}$ is: $(Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon)$ becomes: $Y = 16.890 + 0.732 X_1 + 0.630 X_2 + 0.600 X_3 + 0.545 X_4 + 2.859$.

This indicated that procurement functions = 16.890 + 0.732* Procurement Planning + 0.630* Contract Management + 0.600* Procurement Outsourcing + 0.545* Resource Allocation + 2.859. From the study findings on the regression equation established, taking all factors into account (independent variables) constant at zero procurement performance in the county governments of Kenya would be 16.890.

The data findings analysed also showed that taking all other independent variables at zero, a unit increase in procurement planning would lead to a 0.732 increase in procurement functions. Based at 5% level of significance, procurement planning was found to have a calculated t = 5.008 (greater than the tabulated value of t > 1.96) and a significance level of 0.000. This indicated that procurement planning influenced procurement performance in the county governments of Kenya. The study results corroborated with the findings by Deloitte Consulting (2014) in their survey on the performance in the public sector concluded that was claiming an inordinate amount of procurement planning time and attention greatly affected the procurement performance in the county governments of Kenya.

A unit increase in contract management would lead to a 0.630 increase in procurement functions, contract management show a calculated t = 6.406 (greater than the tabulated value of t > 1.96) and significance level of 0.002 thus the value of less than 0.05. This indicates that contract management
influence procurement performance in the county governments of Kenya.

A unit increase in procurement outsourcing would lead to 0.600 increases procurement functions in the county governments in Kenya. The ICT was found to have a calculated $t = 5.927$ (greater than the tabulated value of $t > 1.96$) and significance level of 0.006 thus the value of less than 0.05. This indicates that procurement outsourcing influenced procurement performance in the county governments of Kenya.

A unit increase in resource allocation would lead to 0.545 increases in procurement functions in the county governments in Kenya. Based at 5% level of significance resource allocation was found to have a calculated $t = 5.000$ (greater than the tabulated value of $t > 1.96$) and significance level of 0.015 thus the value of less than 0.05. This shows that resource allocation influenced procurement performance in the county governments of Kenya.

### Table 8: Coefficient Results

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th></th>
<th>Standardized Coefficients</th>
<th></th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$\beta$</td>
<td>Std. Error</td>
<td>$\beta$</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>16.890</td>
<td>2.859</td>
<td>.687</td>
<td>5.908</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td>$X_1$-PP</td>
<td>.732</td>
<td>.146</td>
<td>.596</td>
<td>6.406</td>
<td>.001</td>
<td></td>
</tr>
<tr>
<td>$X_2$-CM</td>
<td>.630</td>
<td>.098</td>
<td>.497</td>
<td>5.927</td>
<td>.006</td>
<td></td>
</tr>
<tr>
<td>$X_3$-PO</td>
<td>.600</td>
<td>.101</td>
<td>.456</td>
<td>5.000</td>
<td>.015</td>
<td></td>
</tr>
<tr>
<td>$X_4$-RA</td>
<td>.545</td>
<td>.109</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### CONCLUSION

The study concluded that procurement performance in the county governments of Kenya is affected by procurement planning, contract management, procurement outsourcing and resource allocation. The study concluded that procurement planning is the first important factor that affects procurement performance in the county governments of Kenya. The regression coefficients of the study showed that procurement planning has a significant influence on procurement performance in the county governments of Kenya. This implied that increasing levels of procurement planning would increase the levels of procurement performance in the county governments of Kenya. This shows that procurement planning has a positive influence on procurement performance in the county governments of Kenya.

The study concluded that contract management is the second important factor that affects procurement performance in the county governments of Kenya. The regression coefficients of the study showed that contract management has a significant influence on procurement functions in the county governments in Kenya. This implied that increasing levels of contract management would increase the levels of procurement performance in the county governments of Kenya. This showed that contract management has a positive influence on procurement performance in the county governments of Kenya.

The study concluded that procurement outsourcing is the third important factor that affects procurement performance in the county governments of Kenya. The regression coefficients of the study showed that procurement outsourcing has a significant influence on procurement performance in the county governments of Kenya. This implies that increasing levels of procurement outsourcing would increase the levels of procurement performance in the county governments of Kenya. This showed that procurement outsourcing has a positive influence on procurement performance in the county governments of Kenya.
The study concluded that resource allocation is the fourth important factor that affects procurement performance in the county governments of Kenya. The regression coefficients of the study showed that resource allocation has a significant influence on procurement performance in the county governments of Kenya. This implied that increasing levels of resource allocation would increase the levels of procurement performance in the county governments of Kenya. This showed that resource allocation has a positive influence on procurement performance in the county governments of Kenya.

RECOMMENDATIONS
Procurement planning is usually the first stage of procurement process and therefore county governments need to develop the skills of the employees on developing quality procurement plans based on the approved budgets. The top level and lower level employees should be involved in formulation and development of the procurement plans so as to make the process of implementation easier and acceptable by all employees. The procurement personnel’s in county governments need to carefully study and understand the applicable procurement thresholds in different situations and relevant procurement method applicable.

The study recommended that there is need for county government to create and maintain a good relationship with the contractors. There should be a mutual trust between the contractor and county government. The study recommended that the county government control and manage contract changes efficiently by ensuring that the contractors are paid in time. The study recommended that the county government should ensure that each party is free to express its concerns. There is need to ensure that the county government achieve the expected results and both parties should terminate the contracts effectively.

The study recommended for procurement outsourcing especially changes in the suppliers, receives quotations, quality and price to identify the suppliers. The county government should advertise for suppliers across economy boundaries. The management should make decision without competition by other suppliers.

The study recommended that resource allocation is important for procurement performance in the county governments of Kenya. The county government allocation of resources in the procurement process should be commendable. There should be budget reviewing to cater for changes in the economic environment. The tender float should be based on the resources availability and confirmation.

Areas for Further Research
The study contributed the body of knowledge by examining the determinants of procurement performance in the county governments of Kenya. Procurement performance in the county governments of Kenya is greatly affected by inadequate procurement planning, contract management, procurement outsourcing and resource allocation. The study contributed to the existing literature in the field of public procurement by elaborating exiting theories, models and empirical studies on procurement performance in the county governments of Kenya. The current study should therefore be expanded in future in order to determine the other determinants hindering procurement performance in the county governments of Kenya. Existing literature indicates that there is scanty information and a research need to be undertaken in the private sector for the findings to be generalized. There is also need to establish the effect of the government policy and PPDA (2015) on the procurement performance in the county governments of Kenya.
REFERENCES


Berman, Saul, Strategic Direction: Don't Reengineer Without It; Scanning the Horizon for Turbulence, Planning Review, November 1994; 18


Chew, Angie, How Insurance Firms Can Reengineer for Success, Business Times, June 20, 1994; Pg. 11


Chivwara, N. (2013). An analysis of the governance of higher education access in Malawi.


European Commission Directorate-General For Research Directorate — investment in research and links with other policies unit m1, political aspects, private investments, relations to EIB: *public procurement for research and innovation* (2011)


Harris, L. R., & Brown, G. T. (2010). Mixing interview and questionnaire methods: Practical problems in aligning data.

Institute of economic affairs (2014); Budget for 2014/2015: *Balancing financing concerns while responding to spending inefficiencies.*

Intaher Ambe (2012); Procurement Challenges In The South African Government parastatals; Department of Business Management; University of South Africa (Unisa)*International Journal of Operations and Production Management*, (19) 2, 205-28.


Lars Bedey (2008), Purchasing Management; Chalmers Department of Technology Management and Economics; *Published by Elpida Memory Inc.*


Millinga, T. B. (2014). *The Effectiveness of School-Based In-Service Training for Primary School Teachers (INSET-PST) in Enhancing Teacher Professional Development: A Case study of Bagamoyo District* (Doctoral dissertation, The Open University of Tanzania).


Organisation for Economic Co-operation and Development (2009); Regulatory Policy and the Road to Sustainable Growth


Puja Mondal, Environmental Components, “Your Articles Library” 2012


Sarita Harbour ;What Are the Benefits and Detriments of SWOT Analysis?; Demand Media; University of Guelph 2009


Service Delivery and Performance Commission (2009); *Report on the Review of Purchasing and Logistics in the Queensland Government*; Published by Aberdeen Group


Teece, D. J. (2010), Technological innovation and the Theory of the Firm: The Role of Enterprise – level Knowledge, Complimetaries and Dynamic capabilities. In N. Rosenberg and B. Hall (eds). Handbook of the Economics of Innovation,


