The Effects Of Procurement Processes On The Performance Of Public Sector Organizations- A Case Study Of Kenya Electricity Generating Company Limited Naivasha Station

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Abstract: The challenges of the public procurement and disposal act, 2005 established that within government procurement system, the reform solution do not include adequate measure that addresses issues of a profession work force and ethics, value for money, accountability, transparency. Procurement in public organizations is a complex issue because it has to achieve several objectives and at the same time adhere to several regulatory policies and bodies. These public organizations have to ensure that value for money is achieved by the tax payer, and there is also fair competition when sourcing materials, there should be transparency and accountability and lastly effectiveness and efficiency should be able to be achieved. The general objective of the study was to evaluate the effects of procurement processes on the performance of public sector. The specific objectives of the study was to: Find out how specification development affects the performance of public sectors in terms of cost, determine how Pre-qualification affects performance of public sector in regard to service delivery, determine how tender processing affects the performance of public sector in regard to service delivery, and determine how Inspection and acceptance affects the performance of public sector in terms of service delivery. This study adopts the institutional theory and the legitimacy theory. The study employed a descriptive and case study research design. The population from which the required information was derived from is the KenGen employees who are currently estimated to be around 2000-5000. The research used the stratified technique whereby, at least 3 respondents were randomly picked from 7 departments of each power plant and stations inclusive of the heads of departments within KenGen. Data was collected from Primary sources which was Questionnaires. Qualitative data from interview guides was analyzed using thematic narratives. Quantitative data was analyzed using Statistical Package for the Social Sciences (SPSS) version 21. 150 questionnaires were administered and 139 returned recording a response rate of 92.6%. The study revealed that specification development, prequalification, tender processing steps and inspection have a direct impact of public sector performance (procurement performance).

INTRODUCTION
This chapter comprises of background information, statement of the problem, research objectives, and scope of the study, limitations and definition of terms. The chapter introduced the gap in knowledge that this proposal intends to fill.

1.1 Background Information
Procurement is a concept that involves a lot of processes and procedures. To avert the malpractices, dubious and underhand methods of procurement, a set of regulations are needed to not only govern but instill sanity. Parastatals and other organizations must therefore adhere to these rules and regulations. These rules have for a long time impacted on efficiency of procurement in parastatals not only in Kenya but in the world over. The procurement system used in Kenya has gone through evolution to become what it is currently.

The current global economy and its environment are very hostile to all the parties involved. Due to the turbulent nature of the economies, organizations device different survival tactics. This is prompted by their need to be competitive in the global market, a factor that cannot be overstated. Customers in the market subjects firms into high pressure with a view to getting quality goods and services. This scenario puts firms into a market that is very competitive with many firms competing for similar and few customers. With this competition, inventions and innovations have been realized by different firms (Mukasa, 2010). Customers however benefits from such moves since it improves the quality of goods and services offered to them. In this search, firms’ supply chains are examined and regulated on a regular on a basis for opportunities to create the competitive edge required to make businesses successful. One area that has been greatly emphasized in this regard is the function of procurement. A number of
definitions have been given by different scholars and academicians with regard to what procurement is (Muendo, 2006).

In Kenya, Procurement was officially and widely used as a key function in the private sector in 1990s unlike in the public sector where The Public Contract Law Journal dates back to 1981. An improvement on the public sector was introduced in 1992 (Public Procurement Law Review). According to Thai and Grimm (2001), both are celebrated for having anchored both legal and regulatory disciplines. Thus, the last decade witnessed visible differences between the private sector procurement and public procurement (Muendo, 2006).

As the twenty-first century finds its proper shape; the global market at large is rapidly becoming more competitive (Prajogo, et al., 2008). Each year, different parastatals across the globe are forced to make endless efforts in reconstructing their procurement regulations with an aim of ensuring that their procurement processes are efficient enough to help them pursue their desired goals which highly rely on consumers’ demands and the need to create better ways of improving their performances at reduced costs (Mukasa, 2010).

Arjaan and Van (2010), defines procurement as the act of acquiring, buying goods, services or works from the external source, often via a tendering or bid process whereas the Cambridge dictionaries refers to parastatal to a word used to describe a company or organization which is owned by a country's government and often has some potential power.

In a parastatal, procurement as a process involves: determining the method of awarding contracts. If the open method is used, contracts are published so as to invite tenders; evaluating and selecting suppliers; reviewing the work statement and specifications; negotiating and partnering with suppliers; purchasing commodities, works and services; managing the supply base and the internal operations (Supply Chain Resources Cooperative, 2011); acquiring resources for purchasing commodities from the state or local authority budgets; domestic or foreign loans as guaranteed by the state; state foundation funds; foreign aid and the organization’s revenue (World Bank, 1995); and operating within the established core principles and pillars governing the procurement process such as transparency and accountability, efficiency, consistency, ethics and fair dealing (PPOA, 2013), towards achieving specified goals.

The procurement process is largely affected by the concepts of performances such as time, cost and service delivery. The duration taken by a procurement process relies on the preferred method of procurement (Aguilera & Jackson, 2003). In case of open procurement, the process is expected to be longer since it will involve a lengthy process of public procurement. Additionally, Open procurement is believed to be more costly than restricted procurement in the sense that the cost of advertising and planning is limited in the latter.

Service delivery, on the other hand, is affected by the concept of time and cost. The quality of the delivered services relies on the duration set and the amount invested or the cost expected to be met by the suppliers (Gary, 2008). The suppliers selected to deliver the specified services affect the demands of the procurement process in terms of their dedication and quality of the services or goods they deliver which inversely determines the cost and time of the procurement process.

According to the PPADA, 2015, the procurement process is clearly outlined. The first process is budget and procurement planning. This is followed by receipt of tender specification and then preparation of tender document. Then, the tender is advertised and closes on the closing date. An adhoc committee is appointed by the Managing Director who is the Accounting Officer in an organization to open the tenders. Another adhoc committee is appointed to evaluate the tender, which should complete the evaluation within 30 days from the opening date (PPADA, 2015). Evaluation is done independently by the evaluation committee and then the procurement representative does an evaluation report based on the findings. Once the report is completed, it is forwarded to the Head of Procurement who prepares a professional opinion to the Managing Director for approval or rejection (PPADA, 2015).

Notification of award is done to the successful bidder and letter of regret is done to the unsuccessful bidders. The bidders are given 14 days to appeal. If no appeal within the period, a contract is drawn and signed by the successful bidder together with the accounting officer of the buying organization. The contract should be signed within 7 days after appeal period is over (PPADA, 2015). After contract signing, next is contract administration where a team is supposed to monitor the contract. Once the materials have been delivered, an adhoc Inspection and Acceptance Committee is appointed by the Managing Director to inspect the materials or works (PPADA, 2015). After inspection and acceptance, the documents are processed and forwarded to finance for payment of supplier.

There is also the part where the disposal of obsolete or unserviceable items is done. The disposal plan is done at the beginning of the financial year, together with the procurement plan. The identification of
materials for disposal is done by the Accounting Officer and then an adhoc disposal committee is appointed to carry out the disposal. The approval of disposal method to be used has to be approved by the accounting officer (PPADA, 2015).

1.2 Problem Statement

The procurement process should be able to ensure it does not affect service delivery (Gary, 2008). Wrong specification development will lead to procurement of the wrong item, which will necessitate repeat of the procurement of that item leading to time wastage. It will also affect service delivery since the items required might lead to stopping of operations until the items are procured (PPADA, 2015). It should be in a position to support cost management by buying items at a cost which is not inflated. The items procured should be of good quality in order be able to support operations by lasting longer, therefore, achieving the economic value. Lead time should be minimized to avoid affecting operations and service delivery. If inspection and acceptance is not done correctly, it can affect cost in an organization. This would be through getting materials of low quality which will not last leading a new procurement being done again. If the committee accepts the wrong materials and the supplier is paid, that means the materials will not be used leading to monetary loss in the organization. In KenGen, tender processing procedure are long leading to a prolonged lead-time, affecting time taken to have the materials delivered and also affecting operations. The process of getting a list of prequalified supplier is done through Open Tendering (PPADA, 2015). Once the bids are received, the Evaluation Committee prequalifies the bidders who succeed in the category advertised. When need arises to procure materials for that category, tender documents are prepared and sent to the list of those prequalified suppliers to bid. That means the same process of getting quotes is repeated only that this time the bids are sent to the specifics suppliers and not to the open public. This also applies to Request for Quotation where the quotations are sent to the prequalified list of suppliers every time a need arises. The process takes time since all the timelines stipulated in the PPADA, 2015 must be observed. The lead-time is lengthy which affect the service delivery and operations.

According to Ndumbi & Okello (2013), procurement in public organizations is a complex issue because it has to achieve several objectives and at the same time adhere to several regulatory policies and bodies. These public organizations have to ensure that value for money is achieved by the tax payer, and there is also fair competition when sourcing materials. There should be transparency and accountability and lastly effectiveness and efficiency should be able to be achieved (Commonwealth Procurement Guideline, 2005). This is completely different from private sector whose main objective is to make profits. KenGen, being a power generation company, any failure to generate leads to penalties. That means in case of a breakdown and the whole procurement process must be followed to procure spares, high penalties will be incurred. This study focused on Open Tender, Restricted Tendering and Request for quotation excluding Framework Contracts.

1.3 Research Objectives:-

1.3.1 General Objective

The general objective of this study was to evaluate the effects of procurement processes on the performance of public sector.

1.3.2 Specific objectives

The research was guided by the following research objectives

i. To find out how specification development affects the performance of KenGen in terms of cost.

ii. To determine how pre-qualification affects performance of KenGen in regard to service delivery.

iii. To determine how tender processing affects the performance of KenGen in regard to time.

iv. To determine how inspection and acceptance affects the performance of KenGen in terms of service delivery.

1.4 Research Questions

The research was guided by the following research questions.

i. How does specification development affect the performance of KenGen in terms of cost?

ii. How does pre-qualification affect performance of KenGen in regard to service delivery?

iii. How does tender processing affect the performance of KenGen in regard to time?

iv. How does inspection affect the performance of KenGen in terms of service delivery?

1.5 Justification of the study

Ngari (2012) studied public procurement and disposal act on procurement in parastatals and established that the commitment to continuous improvement by supplier, lead time allowable, influence by senior management, quality issues and lead time allowable, purchasing budget and confidential nature were some of the important factors that affected the methods of procurement by the parastatals. According to Mukasa (2010) the challenges of the public procurement and disposal act, 2005 established that within government...
procurement system, the reform solution do not include adequate measure that addresses issues of a profession work force and ethics, value for money, accountability, transparency.

1.6 Scope of the Study
The study was carried out in 1 (one) area of KenGen which is located in Naivasha. The chosen site was put into consideration due to its close proximity which makes the research cost effective and less cumbersome. The area has Olkaria I, Olkaria II, Olkaria IV and Geothermal Resource Development which are few metres apart from each other, therefore, less movements with Hell's gate being approximately 90Kms from Nairobi.

Variables that were taken into consideration included inspection; specification development; tender processing and pre-qualification within KenGen since these variables highly determine the effects of the procurement process on the performance of the organization. The study focused on Open Tender, Restricted Tendering and Request for quotation excluding Framework Contracts.

LITERATURE REVIEW

2.1. Introduction
This chapter provided the precise context of the study in relation to other studies carried out earlier on to which this research relates. This enabled the researcher to identify the existing gaps in the attempt to ensure the effectiveness of procurement regulations in the procurement process within Kenya's parastatals. The sources from which this thesis was extracted from included: internet sources, journals and books.

Additionally, the chapter also discussed the theoretical and empirical approaches used in past studies relating to procurement; the procurement regulation in Kenya's parastatals as stated in the PPADA, 2015; the effects of the identified procurement regulations in other parastatals (Kenya and abroad); the challenges faced in implementing those regulations; and the efforts made by those parastatals to overcome the identified challenges in relation to KenGen.

2.1. Theoretical Review
This research was guided mainly by institutional and legitimacy theories of procurement and Supply management as used in the past similar studies that are linked to the objectives of this study.

2.1.1 Institutional Theory
Institutional theory describes how new practices are adopted and why companies often adopt similar responses and practices (Grobb & Benn, 2014). Brammer et al. (2006) argues that this theory enables organizations to understand the ‘diversity and dynamics’ of CSR and how to sustainably adopt procurement. Proliferations of sustainable in parastatals can therefore be elucidated using this theory (Grobb & Benn, 2014). According to Scott (2001), individual agents or organizations are influenced by external factors in the institutional environments and that environment legitimates certain behaviors (Jakobsen, et al. 2003).

Institutional theory was founded by Meyer and Rowan (1977) but was shaped and refined by DiMaggio and Powell (1983) who provided three concepts or pillars as referred to by Ndumbi and Okello, (2015). These concepts include: Coercive isomorphism which stems from political influence and the problem of legitimacy. I.e. it emphasizes on using rules, laws, sanction as enforcement mechanism of ensuring compliance; Mimetic isomorphism which results from standard response to uncertainty. I.e. it rests on shared beliefs, symbols and understanding; and, Normative isomorphism which deals with professionalization. i.e. how things should be done. These three concepts are otherwise called regulatory, cultural-cognitive and normative pillars respectively (Scott, 2004). Snider et al. (2013) used it to analyses the laws, regulations and norms permeating the United States federal public procurement so as to identify how higher standards of stewardship and accountability is applied in the United States defense procurement agencies. Blome et al. (2014) also used institutional theory to evaluate on how important it is for top managers, in 114 European firms, to ensure that the green procurement and green supplier development is effective (Atkison, 2003).

The PPADA (2015) guides Kenya's public procurement in its Public sector including KenGen by issuing regulations and guidelines to which public entities and providers ought to frequently comply to the latter (Ndumbi & Okello, 2015).

2.1.2 Carters 10 Cs of Supplier Evaluation
Carter came up with 7 Cs of effective supplier evaluation. Other scholars have added 3 more Cs to make 10 Cs of effective supply evaluation. According to Carter (1995), effective suppliers should be competent. The competency should be evident and proved by the management before doing any business with the supplier (Carter, 1995). Secondly, the capacity of the supplier to be flexible is important. There is need for the supplier to be able to adjust from one situation to the other. Thirdly, an effective supplier should be able to show the commitment to provide quality work (Basheka & Mugabira, 2008). The commitment should be evident rather than use of bare words. In addition, there are many aspects of control that the supplier should have. He should show that has control over the product during scarcity times or when warnings are in the market (Ibid).
The other C in Carter’s theory is cash. The supplier should have robust cash to ensure his business is safe. It is risky to deal with a supplier who has the likelihood to collapse anytime. The sixth point that Carter believes is worth considering is the cost. This refers to the full cost of the products on offer (Blome, et al., 2014). Most scholars agree that cost should not be listed as number one because there are other factors that are more significant as compared to cost (Benslimane et al., 2005). According to Carter, the supplier should have a consistent approach and be able to demonstrate this. Even though it is not practically possible to be perfect in supply, it is necessary to try and be consistent in what the supplier supplies (Carter, 1995).

Carter came up with the above 7 Cs of effective management. The other three have been added by scholars who believe to make up the 10Cs. Firstly, the culture of the supplier and the customer should not differ so much. Some values and norms may interfere with the future of supply and procurement if the cultures differ greatly. Secondly, clean reflects on the increased environmental awareness (Weele, 2010). The suppliers are asked to demonstrate their ‘green credentials’ to ensure the organization complies with all statutory requirements and in particular environmental issues. Lastly, communication is an obvious but a very important aspect that evaluates the effectiveness of the supplier. The supplier should indicate the method of communication (Campbell, 2007).

In conclusion, the 10Cs of supplier evaluation provide a comprehensive means to ensure organizations adopt a rigorous approach in regard to supplier evaluation. The 10 Cs also ensure that the process is fair to all the potential suppliers as well as the company. It highlights the expectations of the company and the responsibility of the supplier (Weele, 2010).

2.1.3. Legitimacy Theory
Suchman, (1995) defines legitimacy as those actions of an entity which can be perceived as desirable or appropriate within the socially constructed norms, values, beliefs and definitions. Legitimacy theory suggests that a corporation must act in congruence with societal norms and values for it to continually exist (Dowling & Pfeffer, 1975). Thus, a corporation will remain legitimate if it frequently discloses social and environmental information in its annual report. The optimal research methodology to be used in identifying the legitimacy of KenGen is the interview-based qualitative data in relation to the legitimacy theory (Gary, 2008).

There are three types of legitimacy that needs to be tested within a parastatal like KenGen. These types are: product legitimacy, corporate legitimacy and cause legitimacy (Mazet & Dontenwill, 2012) which manifest them in four layers i.e. establishing, maintenance, extending and defending (Tilling, 2004). Therefore, this research will seek to identify how the procurement regulation, PPADA 2015 are operating within parastatals and how these parastatals implemented those regulations in each layer of legitimacy. In addition, this theory will enable the researcher to critically unpack the disclosures found within KenGen (Tilling, 2004).

Patten, (1992); Deegan and Rankin, (1996) used legitimacy theory to examine the effects of threats to a firm’s legitimacy on its social disclosures and as Kagendo, (2012) puts it: ‘Issues (such as cronyism and corruption) could endanger the legitimacy practice’. This theory, therefore, will enable the researcher to identify the issues undermining the legitimacy of KenGen in relation to the procurement regulations in the PPADA, (2015).

2.2 Conceptual Framework
The conceptual framework provided a lens through which the researcher explored the effects of the PPDA on procurement in Parastatals in Kenya, reflecting the importance and nature of policies concerning public procurement, by providing an overview of the character of such policies within parts of the public sector. The framework is applicable for a public procurement context. According to Prajogo et, al. (2008), the public procurement and oversight authority (PPOA) has a major impact on the effectiveness of procurement in public entities. The conceptual framework indicates the variables and how they are interconnected (Cooper, et al., 1997).
2.2.1 Specification development
This is where the user comes up with a clear and complete description of the items they want to procure or the work or services they want to be done (PPADA, 2015). This allows fair and open competition. The specifications are developed according to the need. Specification of items should describe the performance of that item, the measurements, time limit for delivery, and method of delivery, suppliers to participate in the tender, whether local or international. They should also be environmentally friendly, also factor the cost of disposing the item and any other information which will help the bidder to bid correctly (Boer & Telgen, 1998). The development of specifications plays a very key role in procurement process. If the wrong specifications are developed from the beginning, it will affect the whole procurement process since the item supplied will not be the correct one. The suppliers might not be able to interpret the actual item required making the suppliers not participate in the tender (Gary, 2008). Other suppliers might decide to bid but each one will bid according to how they understand the specifications. This will affect the quality final item supplied (Grobb & Benn, 2014).
During specification development, it is very important to also ensure that you come up with clear and objective evaluation criteria, which will guide the supplier on the thing they need to include in the tender before submission (Grobb & Benn, 2014). This will ensure fairness to the bidders by having a standard tender which every bidder can interpret. The evaluation criteria play a big role to the evaluation committee too. The evaluation committee will be guided by evaluation criteria throughout the evaluation for them to select the most compliant bidder (Halchin, 2013). If wrong specifications are developed, this will lead to delivery of wrong material. The supplier must be paid because they will have supplied the items according to the specifications in the contract. The wrong items will not be useful to the organization and will end up being a waste (Mazet & Dontewell, 2012). This will lead to monetary loss in the organization since the items will have been paid for. The wrong items delivered will also affect the service delivery in an organization. This is because the items being procured were for a specific purpose which will be delayed as the whole procurement process will need to be repeated (Mokongi, et al., 2015).

2.2.2 Pre-qualification
Pre-qualification is where several suppliers are selected for a specific category, and every time need arises, a tender or quotation is sent to that list...
(PPADA, 2015). The pre-qualification list is derived at by sending out an open tender and indicating the qualifications you require for a specific category. Tenders are opened after the closing date and evaluated by an evaluation committee (Ndumbi & Okello 2013). The committee uses the evaluation criteria outlined in the tender document as the requirement for bidders to qualify in that category. They select the bidders who meet the criteria and they are the ones who are included in the pre-qualification list (Odhiambo & Kamau, 2003). When a need arises for an item to be procured in that category, the specifications are developed and tender document prepared. The tender document is sent to the supplier in that list only. After the closing date, bids are evaluated and the successful bidder is awarded. The process consumes a lot of time since the bidders are given enough time to allow them to bid (Ogola & Wafula, 2014). The evaluation period is maximum thirty days. After the successful bidder is notified, it takes another fourteen days to allow any appeal from the unsuccessful bidders. If no supplier appeals, then organization signs a contract with the successful bidder and the contract administration begins thereafter. The whole process takes a lot of time which increases the lead-time (Perez-Batres, et al., 2013).

According to (PPADA, 2015), a public sector can seek in writing to use another public sector’s prequalified list or registered persons in that category. This list is acceptable if it is valid and the process used to prequalify the vendors was in accordance with the provision in the Act (Platje, 2008). The process of acquiring quoted from these vendors will be the same as that one followed when using your own prequalification list. The prequalification list is maintained by the Head of Procurement, and it is updated periodically (PPADA, 2015).

2.2.3 Tender Processing

Tender processing involves the whole process right from budgeting up to payment of the supplier (PPADA, 2015). The first process involves budgeting for the items and preparation of procurement plan. This is done to ensure that the funds are available to carry out that procurement. The procurement plan helps to schedule when that procurement will be done. This is done depending on when the item will be required (Grob & Benn, 2014). This could be necessitated by a planned schedule of maintenance in a plant or depending on the consumption level of an organization. The consumption level will help to know the stock level to maintain, to avoid overstocking or stock out. According to (PPADA, 2015) an organization should maintain an optimum stock level. Overstocking increases holding cost whereas that money can be used for other purposes instead of buying items which are not required immediately thus tying up the money. Understocking could lead to stock out affecting operations and efficiency (Ogola & Wafula, 2014).

According to (PPADA, 2015), the next step is specification development of the items required which is done by the accounting officer of the item. A tender document is prepared using a standard tender document including the specifications and evaluation criteria. The tender document is advertised and the bidders can send their responds either electronically or give hardcopy (Atieno, 2009). The bids are opened during the closing date and time by an ad-hoc committee of at least three members, appointed by the Accounting Officer of an organization who is the Managing Director (Preuss, 2009). At least one of the members shall not be directly involved in the tender evaluation (PPADA, 2015). The evaluation is done by another ad-hoc committee appointed by the Accounting Officer of an organization who is the Managing Director. The evaluation report is sent to the Head of Procurement for preparation of Professional Opinion (PPADA, 2015). The contract is signed and contract administrations begin. From the above process, it is clear that the tender process is long and costly at times if en has to use open tender. All these processes have to adhere to the timelines stipulated in the PPADA, 2015. The tender should be given enough time before closing to allow bidders enough time to bid (Raymond, 2008). The next is thirty days for evaluation of tender. After award, fourteen days window period is given to allow appeals from unsuccessful bidders. This is evident that this period is ought to lengthen the lead time affecting the performance of an organization (Roberts, 2003). In case of an emergency, the long process will affect the delivery period which will also affect the operations. This will also affect the efficiency of an organization due to lack of materials to support the operations. It is important to note that all communications done during tender processing should be in writing (Scott, 2004).

2.2.4 Inspection

Inspection involves verifying if the materials delivered are in line with the specifications given in the tender. It also ensures that the supplier has met all the conditions in the contract (PPADA, 2015). The inspection is done after delivery of materials by an ad-hoc inspection committee. This ad-hoc inspection committee is appointed by the Accounting Officer of an organization who according to PPADA, 2015, is the Managing Director of and organization. The committee should be separate from the committee that participated in the opening of the tenders. It should also be separate from the evaluation committee (Snider, et al., 2013). This is done to promote...
fairness and transparency in the inspection. The inspection helps to ensure that the items or works done is as per the requirement. If the supplier delivers the items which do not meet the requirement, they will be rejected and requested to replace them. That means the delivery period will be prolonged as the organization waits for replacement of materials. If the inspection is done wrongly, it will affect the organization by accepting materials which do not meet the need (Tilling, 2004). That means the items cannot perform the work intended for.

The process of retendering for the organization to procure the correct item will be long, increasing the time taken to have the correct material. That means that the operation has to be stopped due to lack of materials thus affecting efficiency. This also affects the cost since the organization has to spend more money on another procurement process (Uyarra & Flanagan, 2010). The cost involved also involves accepting items which do not meet the standards, and paying the supplier. This means the items will be in our stock but cannot be used anywhere, therefore increasing the holding cost. If the Inspection Committee is satisfied with the items delivered, they all should sign an Inspection Certificate as evident that they were all in agreement. In case of rejection, they should write a report indicating all the reasons for rejection which in turn will be communicate to the supplier, informing them the reasons for rejection (Ogola & Wafula, 2014). For works, the inspection committee has to ensure that they inspect the work according to the entire requirement in the Bill of Quantity. They should ensure that the work done meets the standards. They then write an inspection report indicating their observations during inspection and any recommendations, which is signed by all members of the committee. The work should be able to deliver the service for the intended time and purpose. If not done well and approved, it will affect the service delivery (Zhu & Sarkis, 2007).

2.3 Empirical Literature

Organizations that face high pressure in terms of regulatory compliance tend to better implement the policies and regulations put in place (Zhu & Sarkis, 2007). However, government regulations are not very significant in sustainable procurement process (Carter & Jennings, 2004). Therefore, coercive isomorphism enables parastatals in adopting procurement regulations for efficient procurement process and to support performance of an organization. In a way it urges parastatals to make their regulations that intertwine with government’s policies without necessarily relying on government’s regulations (Arjaan & Van, 2010). Through coercive instruments, parastatals have adopted some codes of ethical practice sourced by different voluntary frameworks (Blowfield, 2003; Preuss, 2009; Roberts, 2003) which they use in guaranteeing if the purchased products and services have met the environmental and social standards (Roberts, 2003). KenGen is subjected to the procurement policies and regulations highlighted in the PPADA (2015) for efficient procurement process as one of Kenya’s parastatals (Kolenko, 2014).

The normative pressures encourage sustainability through educational, professional networks and trade associations (Campbell, 2007; Cooper, Frank & Kemp, 1997) to ensure that the social obligation will be met by parastatals (Scott, 1995). Both the informal and formal institutions question the ethical understanding, social responsibilities (such as promoting environmental awareness); and mental models other than the formal rules of an organization (Platje, 2008).

Procurement regulation basically aims at ensuring that the value of money for citizens is maximized. This has not been the case however due to adverse corruption in the Kenyan parastatals, KenGen is not excluded. As a result, as Raymond, (2008) suggests, the clients satisfaction, the public interests, fair play, honesty justice and equity needs to be put into proper consideration for the expected value of money to be maintained (Limm, 2014).

Moreover, the government’s major economic activities revolve around taking over of goods and services within the public sector both at the county and national levels. By virtue of its nature, this action can be considered as being a public procurement (Uyarra & Flanagan, 2010). This will result to societal achievement of its overall objectives. KenGen therefore, has a responsibility in ensuring that the procurement processes as per the procurement regulations, PPADA, 2015, are effective enough in ensuring that it meets the expected vision 2030 ( Aguiler, & Jackson, 2003). Recent reforms has discussed on how public procurement can enhance innovation policy while focusing on the research carried out in private sectors which showed how value chain activities affected innovation (Amran & Haniffa, 2011). But currently, these innovations mainly emphasize on the green procurement which expects that the products and services given to the citizens consider the environment aspect (Klassen, 2006). The government itself, as posited by Aschiff & Sofka (2008), demands creation of innovation policies which is a trending notion across the globe (Aschoff & Sofka, 2008).

All in all, the procurement regulations majorly seek to address issues such as economic development i.e. local preference; environmental protection (green procurement) and social issues which have been addressed in PPADA (2015). Hence, if the
regulations fail to satisfy the demands of the issues it ought to address, the three aspects will suffer in one way or another. Therefore, this study will be more of an eye opener to KenGen on what has been done and what still needs to be done in ensuring that the procurement processes are effective for the performance of the organization (Atieno, 2009).

2.4 Critiques of existing literature relevant to the study
Zhu & Sarkins, 2007 states that Organizations that face high pressure regarding regulatory compliance tend to implement better the policies and regulations put in place. This is not always the case since the increase in pressure regarding regulatory compliance increase the time of tendering process leading to the poor implementation of the policies and poor service delivery. This may also result in contract leakage or widespread of maverick buying. PPADA, 2015 states that the tendering process should involve one of the members of the board. The board evaluation is done a committee appointed by the accounting officer who is the managing director. The board should include other persons such as public procurement officers who are experts in the field. Other individuals include intellectual property lawyers who are expert in the property.

According to PPADA (2015), the specification allows fair and open competition. The specifications are developed according to the need. Specification of items should describe the performance of that item, the measurements, time limit for delivery, and method of delivery, suppliers to participate in the tender, whether local or international. The specification will, however, be of paramount importance if it is environmentally friendly. It should also factor the cost of disposing of the item and any other information that help the bidders top bid correctly. According to the article ‘Why Would Corporations Behave in Socially Responsible Ways? An Institutional Theory of Corporate Social Responsibility’ by Campbell (2007), the abstract of the article has no simple issue. In fact, the article is fairly confusing for the first paragraphs. The author states the normative pressures encourage sustainability through educational and trade associations which ensure the parastatals will meet the social obligation. However, a conflict emerges when too much is expected from the bidder. This may not lead to the sustainability through education since not all of them will have met the required qualifications.

2.5 Research gaps
This study focused on Restricted Tender, Open Tender and Request for Quotation excluding framework contracts. It took into consideration Inspection, specification development, tender processing and pre-qualification as variable. Several studies relating to the same have been done before but apparently none has focused specifically on these four variables in relation to the three types of tender. Therefore, this study was able to close the gap regarding the four variables.

2.6 Summary
In this section, related literature on the effect of procurement processes on the performance of public sector organizations was reviewed according to the specific research objectives. Theoretical framework and theoretical model were also included. The chapter identified the gaps in knowledge that requires to be filled. The gap identified was filled after collecting and analyzing data using methods in Chapter Three.

METHODOLODY
3.1 Research design
This research involved the use of case study research design. Case study is an in depth study of an entity. As the title suggests, this research was a case study on KenGen. I.e. it evaluated the effects of procurement processes on performance of the public sector organizations in Kenya with a special focus on KenGen. Case study enabled the researcher to get in-depth information on the research problem (USC Libraries, 2016). According to Yin, (2003:39), there are five main rationale and circumstances that will prompt the use of a case study design, two of which will be put into consideration in this case: 1) the revelatory case when the investigator has the opportunity to observe and analyses a phenomenon under scrutiny in common and; 2) the case carried out over a long period specifying how certain conditions change overtime.

This design was of great importance to this study since it enabled the researcher to test whether the procurement processes offered by PPADA (2015), are effective in ensuring efficiency and performance within KenGen. Additionally, it added strength to previous studies and also allowed the researcher to use a variety of research methodologies (Gering, 2004).

3.2 Population of the study
The population from which the required information was derived from is the KenGen employees who are currently based at Naivasha. The population is spread out in the following departments:-
3.3 Samples and sample technique

The research used the stratified sampling because, the target population consists of different groups. The departments from which the researcher randomly picked his respondents are:

<table>
<thead>
<tr>
<th>Departments</th>
<th>Target Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supply Chain</td>
<td>55</td>
</tr>
<tr>
<td>ICT Department</td>
<td>30</td>
</tr>
<tr>
<td>Finance</td>
<td>18</td>
</tr>
<tr>
<td>Human Resource and Admin.</td>
<td>95</td>
</tr>
<tr>
<td>Maintenance</td>
<td>102</td>
</tr>
<tr>
<td>Infrastructure and Logistic</td>
<td>450</td>
</tr>
<tr>
<td>Environmental &amp; Safety</td>
<td>150</td>
</tr>
<tr>
<td>Drilling</td>
<td>600</td>
</tr>
<tr>
<td></td>
<td>1500</td>
</tr>
</tbody>
</table>

Only 150 respondents from the 8 selected departments were needed thus meeting Mugenda and Mugenda (2003)’s preference of having a sample size of at least 30 respondents or 10% of the target population.

3.4 Instrument

The study collected primary data.

Primary Data

In using primary sources, data was collected from questionnaires and interviews.

3.4.1 Questionnaires

Only 126 people were given the questionnaires. These were staff in the lower level in the departments. Combined questionnaire with both open and closed ended questionnaires was administered. This is because close ended questionnaires are easier to analyze since they are in an immediate usable form, and each item may be followed by alternative answers. Open ended questions permit a great depth of response, where a respondent is allowed to give personal response, usually reasons for the response given is directly or indirectly included. The researcher equally preferred to use this method because of its ability to solicit information from respondents within a short time as supported by Gupta (1999). Moreover, respondents were given time to consult records so that sensitive questions were truthfully answered as supported by Floyd (1993).

3.4.2 Interview

Only 24 people were interviewed. The interview was semi-structured in a sense that in as much as the interview was unstructured in nature, questions presented in the questionnaires were asked. The interviews were tape recorded then analyzed later on. Only the heads of departments and heads of sections from every department were interviewed.

3.5 Pilot test

A pilot study was conducted in a small scale preliminary in order to evaluate feasibility, time, cost, adverse events, and affect size (statistical
variability) in an attempt to predict an appropriate sample size and improve upon the study design prior to performance of a full-scale data collection.

3.6 Data Processing and analysis

Data was analyzed using SPSS tool and narratives. Quantitative data was analyzed using the Statistical tool using descriptive statistics and inferential statistics. The analysis showed mean, standard deviation and variance to help the researcher make analyze and make conclusions for recommendation. Qualitative data was analyzed using narratives and conclusions made on the trend of events.

3.7 Administration of Questionnaires

The questionnaires administered contained both open-ended and close-ended questions. It had the five sections as follow:

Section A: entailed questions which required respondents’ details and the department under study.

Section B: entailed close ended questions on the specification development which required selection of rating in reference to their effectiveness on performance.

Section C: entailed close ended questions on the prequalification which required selection of rating in reference to their effectiveness on performance.

Section D: entailed close ended questions on the tender processing which required selection of rating in reference to their effectiveness on performance.

Section E: entailed close ended questions on the inspection and acceptance which required selection of rating in reference to their effectiveness on performance.

Section F: entailed close ended questions on the effectiveness of PPADA, 2015 to the organization performance.

3.7 Regression Analysis

The Unstandardized beta coefficients column was used to obtain the overall equation as suggested in the conceptual framework.

\[ Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon, \]

where:

- \( Y \) = Procurement Performance
- \( \beta_0 \) = constant (coefficient of intercept),
- \( X_1 \) = Specification Development
- \( X_2 \) = Prequalification
- \( X_3 \) = Tender Processing
- \( X_4 \) = Inspection
- \( \varepsilon \) = error term
- \( \beta_1, \ldots, \beta_4 \) = regression coefficient of four variables.

The coefficient of determination and correlation of the dependent variables when all independent variables are combined will also be measured and tested.

RESULTS AND DISCUSSION

4.1 Background

This chapter is a presentation of analyzed research findings from the data collected. The main objective of this study was to find out the effect of procurement process on the performance of public sector organization (a case study of Kenya Electricity Generating Company Ltd, Naivasha station). The data presented below is from primary source as per the target population and sample.

4.2 Response rate

A total of 150 questionnaires were deployed. Out of these, 139 were received back giving a response rate of 92.67%.

<table>
<thead>
<tr>
<th>Population</th>
<th>Received</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>150</td>
<td>139</td>
<td>92.6%</td>
</tr>
</tbody>
</table>

This response rate is more than sufficient to allow for generalization of the findings to the target population and would therefore allow for credible analysis, conclusions and recommendation to be used as a source of data for reference and further studies.

4.2 Years of service of respondents

The study proceeded further to establish the distribution of years of service of the respondents. The information is displayed below in Table 4.2

<table>
<thead>
<tr>
<th>Range</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 2 years</td>
<td>24</td>
<td>17</td>
</tr>
<tr>
<td>2 to 5 years</td>
<td>32</td>
<td>23</td>
</tr>
<tr>
<td>6 to 10 years</td>
<td>44</td>
<td>32</td>
</tr>
<tr>
<td>11 to 15 years</td>
<td>11</td>
<td>8</td>
</tr>
<tr>
<td>16 to 20 years</td>
<td>22</td>
<td>16</td>
</tr>
<tr>
<td>Over 20 years</td>
<td>6</td>
<td>4</td>
</tr>
</tbody>
</table>

Total 139 100
It is notable from the table and figure 4.2 above that most of the respondents have worked at the company for more than six years at 60%. This means they are well versed with the day to day activities of the company. This gives their answers more credibility and boost for this study.

4.3.1 Effect of specification development on performance of procurement

The study sought to establish the effect of specification development on procurement performance. The respondents were expected to register opinion as to what extent specification development affected performance in terms of cost, lead time and service delivery. The responses were rated on a five point scale where: 1 = Very Small Extent, 2 = Small Extent, 3 = some extent, 4 = Great extent and 5 = Very great extent. The data was then fed into SPSS Version 21 and results illustrated as below in Table 4.3.1;

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Sum</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Specification on cost</td>
<td>139</td>
<td>1</td>
<td>5</td>
<td>534</td>
<td>3.84</td>
<td>1.118</td>
<td>1.250</td>
</tr>
<tr>
<td>Lead time</td>
<td>139</td>
<td>1</td>
<td>5</td>
<td>506</td>
<td>3.64</td>
<td>.933</td>
<td>.870</td>
</tr>
<tr>
<td>Service delivery</td>
<td>139</td>
<td>1</td>
<td>5</td>
<td>529</td>
<td>3.81</td>
<td>1.285</td>
<td>1.650</td>
</tr>
</tbody>
</table>

Figure 4.3.1 Effect of Specification Development
From the results on the table and figure 4.3.1 above most respondents agree to great extent that specification development has a great effect on procurement performance (cost, lead time and service delivery) at range of 3.64 – 3.84. At a maximum score of 5 and compared to the highest registered score of 3.84; rounded off to approximately 4; it’s clear that most respondents agreed that specification development has an impact on procurement performance. 

**4.3.2 Effect of Consulting with the users in specification development on procurement performance**

Respondents were also asked to rate their opinion on effect of consulting the users in specification development on procurement performance. The results are registered on the table below.

<table>
<thead>
<tr>
<th>Table 4.3.2 Effect of Consulting with the user on Specification Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
</tr>
<tr>
<td>cost of the item</td>
</tr>
<tr>
<td>lead time</td>
</tr>
<tr>
<td>Service delivery</td>
</tr>
</tbody>
</table>

**Figure 4.3.2 Effect of Consulting with the user on specification development**

The results show that respondents agree to a great extent that consulting with users affect performance of procurement. This makes the end user an important stakeholder in the successful performance of procurement. Lead time recorded the lowest score on its effect on consultation; meaning that service delivery and cost of the item will be more affected by the decision to or not to consult the user during the procurement process.

**4.3.3 Effect of Prequalification on performance of procurement**

The second objective of the study was to establish how prequalification affect performance of procurement. Respondents rated their opinion on whether prequalification affect cost, lead time and service delivery and results are shown below.

<table>
<thead>
<tr>
<th>Table 4.3.3 Effect of Prequalification on procurement performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
</tr>
<tr>
<td>Cost</td>
</tr>
<tr>
<td>Lead time</td>
</tr>
<tr>
<td>Service delivery</td>
</tr>
</tbody>
</table>
The results above shows that prequalification has great extent on cost at M = 4.13, lead time at M = 3.84 and service delivery at 3.79. The score on cost is the highest meaning that prequalification has a big effect on cost than the rest of the variables.

4.3.4 Effect of consulting with users in prequalification on performance of procurement

Respondents were also asked if consulting with the users could affect procurement performance. They responded firmly in the positive at M = 3.6 to 3.87 and agreed that it does. It also shows that the variance and standard deviation are not high, meaning the range distribution is not high and therefore almost the same opinion.

<table>
<thead>
<tr>
<th>Table 4.3.4 Effect of consulting with users in prequalification</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>N</strong></td>
</tr>
<tr>
<td>----------</td>
</tr>
<tr>
<td>cost of the item</td>
</tr>
<tr>
<td>Lead time</td>
</tr>
<tr>
<td>Service delivery</td>
</tr>
</tbody>
</table>

4.3.5 Effect of tender processing steps on time (procurement performance)

The third objective of the study was to establish the effect of tender processing steps on procurement performance. A few tender steps were sampled as below and response recorded on time, service delivery and cost. Table 4.3.5 starts with the effect on time.

<table>
<thead>
<tr>
<th>Table 4.3.5 Effect of Tender processing steps on time (procurement performance)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>N</strong></td>
</tr>
<tr>
<td>----------</td>
</tr>
<tr>
<td>Need identification</td>
</tr>
<tr>
<td>Tender document preparation</td>
</tr>
<tr>
<td>Bid analysis</td>
</tr>
<tr>
<td>Presentation of the evaluation report</td>
</tr>
<tr>
<td>Negotiation</td>
</tr>
<tr>
<td>Contract management</td>
</tr>
</tbody>
</table>
Results on the table above shows that need identification and tender document preparation have the highest effect on time at M = 4.26 and 4.22 respectively. Bid analysis, presentation of the evaluation report, contract management and Negotiation follows respectively in succession. Standard deviation and variance on Negotiation is the highest meaning the opinions were rather varied. All tender processing steps have an almost equal effect on performance however tender documents preparation has an edge over the rest of the pack. This means that more attention need to be focused on that area to ensure enhanced performance.

4.3.6 Effect of tender steps on service delivery
The study also sought to establish whether tender steps have an effect on service delivery. As shown below in table 4.3.6 it was confirmed that contract management, negotiation and tender document preparation have some effect on procurement performance. Need identification and bid analysis have minimal effect on procurement performance.

| Table 4.3.6 Effect of Tender steps on service delivery |
|-----------------|--------|--------|--------|--------|------------------|------------------|
| Need identification | 139 | 1 | 5 | 402 | 2.89 | 1.255 | 1.575 |
| Tender document Preparation | 139 | 1 | 5 | 475 | 3.42 | 1.148 | 1.317 |
| Bid Analysis | 139 | 1 | 5 | 414 | 2.98 | 1.039 | 1.079 |
| Presentation of the Evaluation report | 139 | 1 | 5 | 445 | 3.20 | 1.118 | 1.249 |
| Negotiation | 139 | 1 | 5 | 525 | 3.78 | 1.057 | 1.117 |
| Contract Management | 139 | 1 | 5 | 496 | 3.57 | 1.142 | 1.305 |

4.3.7 Effect of tender processing steps on cost
The third variable under tender processing steps was to establish the effect on time. The table below shows the results of the response received. The study shows that most of the respondents agree to some extent that it affects cost. Presentation of the evaluation report affects cost to a greater extent than the rest of the variables. This calls for more innovative means of presentation to preempt this scenario.

| Table 4.3.7 Tender steps on cost |
|-----------------|--------|--------|--------|--------|------------------|------------------|
| Need identification | 139 | 1 | 5 | 441 | 3.17 | 1.173 | 1.376 |
| Tender document Preparation | 139 | 1 | 5 | 403 | 2.90 | 1.247 | 1.555 |
| Bid Analysis | 139 | 1 | 5 | 431 | 3.10 | 1.304 | 1.700 |
| Presentation of the Evaluation report | 139 | 1 | 5 | 468 | 3.37 | 1.130 | 1.277 |
4.3.8 Effect of Inspection on procurement performance

The last objective of this study was to establish the effect of Inspection on procurement performance. The respondents were able to register their opinion and the results are shown below. They agree mildly that inspection has an effect at $M = 2.61$, $2.61$ and $3.20$ for cost, lead time and service delivery respectively. The three variables almost register the same trend from the graph below except for service delivery that slightly deviates to the end on the variance and mean.

Table 4.3.8 Effect of Inspection on procurement performance

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Sum</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td>139</td>
<td>1</td>
<td>5</td>
<td>363</td>
<td>2.61</td>
<td>1.354</td>
<td>1.833</td>
</tr>
<tr>
<td>Lead time</td>
<td>139</td>
<td>1</td>
<td>5</td>
<td>363</td>
<td>2.61</td>
<td>1.354</td>
<td>1.833</td>
</tr>
<tr>
<td>Service delivery</td>
<td>139</td>
<td>1</td>
<td>5</td>
<td>445</td>
<td>3.20</td>
<td>.994</td>
<td>.988</td>
</tr>
</tbody>
</table>

![Figure 4.3.8 Effect of Inspection on procurement performance]

4.3.9 Effect of consulting with users on inspection

The objective was also varied to establish whether consulting with the users has an effect on inspection. Most of the respondents agree strongly that it does affect procurement performance (Inspection).

Table 4.9 Effect of consulting with users on inspection

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Sum</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delivery times</td>
<td>139</td>
<td>1</td>
<td>5</td>
<td>534</td>
<td>3.84</td>
<td>1.315</td>
<td>1.728</td>
</tr>
<tr>
<td>Service delivery</td>
<td>139</td>
<td>1</td>
<td>5</td>
<td>533</td>
<td>3.83</td>
<td>1.237</td>
<td>1.530</td>
</tr>
<tr>
<td>Cost of Items</td>
<td>139</td>
<td>1</td>
<td>5</td>
<td>566</td>
<td>4.07</td>
<td>1.019</td>
<td>1.038</td>
</tr>
</tbody>
</table>

INFERENTIAL STATISTICS

Table 4.9.1 Anova

<table>
<thead>
<tr>
<th></th>
<th>Df</th>
<th>SS</th>
<th>MS</th>
<th>F</th>
<th>Sig. F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>3</td>
<td>12.64029</td>
<td>4.213431</td>
<td>98.79673</td>
<td>0.000</td>
</tr>
<tr>
<td>Residual</td>
<td>135</td>
<td>6.055941</td>
<td>0.042647</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>138</td>
<td>18.69623</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
.000 is the significant value which is less than 0.05 thus the model is statistically significant in predicting independent variables (specification development, prequalification, tender processing and inspection) this shows that the overall model was significant.

Table 4.9.2 Regression Analysis

<table>
<thead>
<tr>
<th></th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>(Constant)</td>
<td>1.147</td>
<td>3.93</td>
</tr>
<tr>
<td>Specification Development</td>
<td>.488</td>
<td>.221</td>
</tr>
<tr>
<td>Prequalification</td>
<td>.384</td>
<td>.106</td>
</tr>
<tr>
<td>Tender Processing</td>
<td>.269</td>
<td>.115</td>
</tr>
<tr>
<td>Inspection</td>
<td>.221</td>
<td>.158</td>
</tr>
</tbody>
</table>

The Unstandardized beta coefficients column were used to obtain the overall equation as suggested in the conceptual framework. Y = 1.147 + 0.488X₁ + 0.384 X₂ + 0.269X₃ + 0.221X₄ where: Y = Procurement Performance, X₁ = Specification Development, X₂ = Prequalification, X₃ = Tender Processing, X₄ = Inspection. From the above regression equation, holding (Specification Development, Prequalification, Tender Processing and Inspection) constant at zero, Procurement Performance was 1.147. A one unit change in Specification Development results to 0.488 units increase in Procurement Performance, a one unit change in Prequalification results to 0.384 units increase in Procurement Performance, a one unit change in Tender Processing result in 0.269 units increase in Procurement Performance, and lastly, A one unit change in Inspection results to 0.221 units increase in Procurement Performance. The t-test statistic indicates that all the Beta coefficients of Specification Development, Prequalification, Tender Processing and Inspection are significant (since p<0.05).

Table 4.9.3 Regression Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>Multiple R</th>
<th>R Squared</th>
<th>Adjusted R Squared</th>
<th>Standard Error</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.851 (a)</td>
<td>0.724</td>
<td>0.676</td>
<td>0.77048</td>
<td>2.220</td>
</tr>
</tbody>
</table>

The coefficient of determination and correlation of the dependent variables when all independent variables are combined can also be measured and tested as in the table above. From the findings 67.6% of Procurement Performance is attributed by independent factors that relate to Specification Development, Prequalification, Tender Processing and Inspection examined in this study. A further 32.4% of Procurement Performance is attributed to other factors not examined in this study.

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Background

This chapter is a presentation and summarized version of the findings, conclusions and recommendations that could be drawn from the research study. It also gives suggestions for areas of further research arising from the gaps identified. The study sought to answer the four questions relating to how each independent variable influenced the dependent variable that is Procurement performance in public sector organization (a case study of Kenya Electricity Generating Company Ltd, Naivasha station).

5.2 Summary

The aim of this study was to evaluate the effects of procurement processes on the public sector organizations, a case study of KenGen, Naivasha station. The study had an excellent response rate of 92.6% from the target size of 150 staff working in the target study area. The regression and correlation analysis were generated by the SPSS version 21 statistic derivatives. This was to depict the correlation and regression outcomes between the variables that affect the performance of the Procurement.

5.2.1 Effect of specification development on procurement performance

The study established that specification development has a direct effect on procurement performance. It was further seen that consulting with users on specification development was very crucial and a direct impact of successful
performance. The respondents further confirmed that the dependent sub-variables cost, lead time, and service delivery all registered significant effect at 3.84, 3.64, and 3.81 respectively. Therefore, there is need to improve the consultation with end users during the performance of procurement activities.

5.2.2 Effect of prequalification on procurement performance
Respondents confirmed that prequalification has big impact on performance. The dependent sub-variables cost, lead time, and service delivery registered a mean of 4.13, 3.84, and 3.81 respectively. This means that efficiency can only be achieved if all these factors are mainstreamed and monitored effectively.

They also confirmed that it’s important to consult with the users during the prequalification exercise with all the sub-variables registering a positive score.

5.2.3 Effect of tender processing steps on procurement performance
Response received from the field confirmed that tender processing steps affect procurement performance in terms of time, service delivery, and cost. All the tender steps examined need identification, tender document preparation, bid analysis, presentation of evaluation report, negotiation, and contract management to have a positive effect on the sub–dependent variables; time, service delivery, and cost.

5.2.4 Effect of inspection on procurement performance
It was evident from the respondents that inspection affects procurement performance. With a strong mean score of 3.84, 3.83, and 4.07 on whether consulting with users on inspection had an effect, it was confirmed that it does. Throughout the study it has been evident that the end user is an important stakeholder in this matrix.

5.3 Conclusions
The study concludes that specification development, prequalification, tender processing steps, and inspection positively affect performance of procurement and by extension KenGen’s performance. The study also concludes that 67.6% of specification development, prequalification, tender processing steps, and inspection affect the procurement performance (KenGen’s performance) from a logistical perspective in the study area. This means that the other factors not studied in this research contribute 32.4% of the other determinants. Therefore, the researcher concludes to say that there is need for further research to be conducted to investigate the other factors (32.4%) that could affect efficient procurement performance (KenGen’s performance).

5.4 Recommendations
The study recommends that public sector organizations need to pay special attention to specification development since it’s a critical ingredient to procurement performance. This being one the first steps in the procurement process; it is good to get it right the first time.

Additionally, the study recommends for better management of the prequalification exercise since it strongly influences the procurement performance. It is evident that consultation with the end user during the prequalification exercise adds a lot of value and improves the organizational performance through the procurement performance. Furthermore, the study recommends that tender processing steps need to be articulated meticulously since they directly affect cost, time and service delivery. Cost savings could be achieved or high cost registered in a negative effect scenario. All stakeholders need to work together to enable a maximum realization of all the benefits of properly managed tender steps.

Additionally inspection and acceptance of the goods and services procured equally an important part of the success story. If the wrong quantity, quality (specification) is received then it will negatively affect procurement and by extension the organization’s performance. Its recommended that the end user be consulted and be involved in the receiving process. All these matrices need to be continuously measured and monitored to ensure desired level of performance is achieved and maintained.

5.5 Suggestions for further research
The study sought to establish the effect of procurement processes on public sector organizations, a case study of KenGen, Naivasha station.

I. A further study needs to be conducted in the rest of the stations all over Kenya to establish how different regions are affected by the procurement processes.

II. Similarly other studies should be conducted in the private sector for comparison with public to provide data for scholars and policy makers in bettering service delivery.

III. Further study on other factors influencing procurement performance as a function need to be done.
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