



Influence Of E-Procurement On Public Procurement Reforms On Procurement Performance Of Government Ministries In Kenya

Joel Kenyakis¹, Esther Kiruja²

¹jomo Kenyatta University Of Agriculture And Technology, Kenya

Email : Joelkataka@Gmail.Com

²jomo Kenyatta University Of Agriculture And Technology, Kenya

Email: Eskanyua@Gmail.Com

ABSTRACT:

Public procurement Reforms refers to as public procurement systems that are undertaken for influencing offering of high level of transparency, accountability and value for money in the application of a public procurement. The objective of this study was to examine the influence of e-procurement in public procurement reforms on procurement performance of government ministries in Kenya. The study used a descriptive survey research design as the study sought to describe characteristics of a population being studied. The target population of the study was 90 staff working in the 18 ministries in Kenya. This was a composition of supply chain officers, finance managers, procurement officers, human resource officers and logistic officers working in government ministries. The study adopted a stratified sampling in determining sample size of 45 respondents from the ministries. The data collection instrument was a questionnaire. Quantitative data collected was analyzed by the use of descriptive statistics means, standard deviations and frequencies. The information was displayed by use of bar charts, graphs and in prose-form. Qualitative data which was collected using open ended questions was analyzed using content analysis and presented in prose form. Inferential statistics, regression and correlation were conducted. The study revealed clearly that e-

procurement influence the procurement performance of government ministries in Kenya. The study concludes that Kenya has undertaken efforts to reform and modernize its Public Procurement System. From the finding, and conclusions the study recommended that to ensure effective administration of the procurement process, the management should be keen to follow up procurement processes as stipulated in the Act and also putting in place measures that will help in achieving effective administration of the procurement process.

KEY WORDS;

E- procurement, Public procurement reforms, procurement performance, government ministries

1. INTRODUCTION

Public procurement has undoubtedly become an increasingly important factor in economic and business circles globally. This is evidenced by the growing interests of donors, governments, civil society, professional organizations, the private sector and general public (Prof Madara et al, 2009). In the past decades, the public procurement reforms in Kenya have undergone significant developments. From being a system with no regulations in the 1960s, and a system regulated by Treasury Circulars in the 1970s, 1980s and 1990s to the introduction of the Public

Procurement and Disposal Act (PPDA) of 2005 and the Procurement Regulations of 2006. In line with the country's public procurement reform agenda, government of Kenya in 2006 committed herself to ensuring transparency and accountability in public procurement. The procurement reform in Kenya is yet to harmonize the processes of procurement in the public sector to secure a judicious, economic and efficient use of state resources in public procurement.

Public procurement may be defined as the purchase of commodities and contracting of construction works and services if such acquisition is effected with resources from state budgets, county budgets, state foundations, domestics or foreign loans guaranteed by the state, foreign aid as well as revenue received from the economic activity of the state (Odhiambo and Kamau, 2003). Public procurement thus means procurement by a procuring entity using public funds. A research by the University of Nairobi UNES, notes that the success or failure of public procurement is manifested through the quality and magnitude of the services it provides

Arrowsmith (2010) contends that the concept of public procurement can be referred to as procurement planning, contract placement and contract administration. According to Hommen and Rolfstam (2009), public procurement is the acquisition of goods and services by government or public organizations.

The public procurement system in Kenya has evolved from a crude system with no regulations to a legally regulated procurement system in line with international standards. A study by Jerome and Mathias 2014 shows that the country has undertaken efforts to reform and modernize its procurement system. The evolution is marked

through a system regulated by treasury circulars in the 1970s, 80s and 90s all the way to an orderly and legally regulated procurement system in the present day.

The government decided to review and reform the existing procurement system with a view to enhancing efficiency, economy, accountability and transparency in public procurement. Efforts made as part of the overall Public Finance Reform, a result of the implementation of public procurement reforms agenda a Public Procurement and Disposal Act was approved by parliament in 2005. A 2005 Independent Procurement Review, conducted jointly by the GoK and the European Union, identified several critical problems with Kenya's procurement system such as weak oversight institutions, a lack of transparency, poor linkages between procurements and expenditures, delays and inefficiencies, and poor records management. The GoK sought to improve its public procurement systems by enacting the Public Procurement and Disposal Act and creating the Public Procurement Oversight Authority (PPOA). Regulations implementing the Act were gazetted by the GoK on January 1, 2007.

The Millennium Challenge Corporation (MCC) selected Kenya as eligible to receive Threshold Program (TP) assistance in September 2004, inviting the GoK to submit a Threshold Country Proposal. At that time, Kenya failed four of six MCC indicators in the Ruling Justly category, including the Control of Corruption indicator (through FY 2007, Kenya has continued to fail the Control of Corruption indicator). In February 2007, the MCC board approved the Kenya Threshold Country Proposal. The objective of the Kenya TP is to support public procurement reform



(Component One), with a special focus on the Ministry of Health.

In 2007 the PPDA Act became into force and established the Public Procurement Oversight Authority as regulatory body for development and oversight of the Kenyan Public Procurement System Reform initiatives were geared towards improving the public procurement system. The Public Procurement and Disposal Regulations, amendment 2009, were gazetted on 10th March, 2009, aimed to enhance economic stimulation, promoting investment and creation of value for money. The Public Procurement and Disposal Regulations, 2011, were gazetted on 8th June, 2011 and were aimed to facilitate the promotion of local industry and economic.

The government ministries coordinates government departments in the preparation of the annual national budget. It is the responsibility of the Ministry to initiate and guide all departments to prepare their ministerial budgets (GOK, 2014)

The purpose of setting up a Government ministries is to gain much more economic benefits and social order. However, it is argued that the only way to increase economic benefits is to raise the level of productivity and improve management quality. Raising the level of productivity requires governments to tap potential manpower, material and financial resources, making full use of now available resources for production and operation. Improving management quality requires the ministries to set up a modernized management system, improve managerial organizations and methods and take the right decision in the most appropriate time (ROK, 2013).

Public procurement has tremendous impact on the economy, social, political and legal environment,

White paper (2005). Public entities are the major purchasers of goods, works and services in a country hence influence the size, structure and performances of domestic industries. To this end, it is important for the government from time to time to review the effectiveness and efficiency of its procurement system. If any weakness is identified, then reforms should be introduced to strengthen the procurement system in order to get value for money. Macdonald, Walker, Moussau (2008) stated that emergence of global economy, increased decentralization of government function, greater discretions of officials and weakness of the current procurement system have led to need of regulating procurement in new ways, hence need for reforms to solve these emerging challenges in the public procurement. Success of public procurement reforms depends on a clear articulation and understanding of what the legal and regulatory framework seeks to achieve.

In support of this, Hui et al, (2011) asserted that interference from the local politicians, business persons, members of parliament and very influential top management individuals has interrupted the public procurement processes and deterred transparency. Despite implementation of public procurement reform in the government ministries in Kenya, there is scanty empirical evidence that determine the effects of public procurement reforms on procurement performance in government ministries.

Despite procurement reforms being undertaken in Kenya to harmonize the processes of procurement in the public sector, there are allegations of inefficiency, delay in procurement due to long procurement processes, high costs of projects, lack of fairness, transparency, and non-discrimination in the selection and award of



government contracts and inflating contract figures in public sector have persisted. The government has also not achieved its target of saving of estimated 10% of the GDP annually. In 2008, Kenya's GDP was estimated at Kshs. 2.09 trillion putting the total expenditure on procurement by the Government at around Kshs. 209.9 billion annually.

Public Entities are also confronted with procurement issues such as professionalism, limited career development opportunities for procurement staff in the public service and weak contract management skills (GOK, 2003). Procurement reforms in public sector seek to harmonize processes of procurement in the public sector so as to secure judicious, economic and efficient use of state resources. This study sought to fill the existing knowledge gap by investigating effects of public procurement reforms on procurement performance in government ministries.

II .LITERATURE REVIEW

Theoretical Review.

The concept value for money is defined as the optimum combination of whole life cost and quality (or fitness for purpose) to meet the customers' requirement. This definition enables a public body to compile a procurement specification that includes social, economic and environmental policy objectives within the procurement process. It is an essential test for the procuring entities to justify a procurement outcome (Ogot, et al,2009).

Transaction Cost Theory

In this study was found to be the Transaction Cost Economics (TCE) provided a useful prototype. Transaction cost economics theory broadly involves an interdisciplinary field of law, economics and organization and attempts to explain the governance of transactions based primarily on the assumptions of bounded rationality and opportunism (Erick, 2006). With the changing perception on the role of governments, administrative functions which once were a preserve of government have been transferred to other players. Antonio, (2004) opined that public procurement is a rules bound function with specific timelines dictated by the law. While making decisions, those involved usually have limitations on information. Public procurement reform means a change in which the past ways of doing procurement give way to a new and better system. The major focus is organizational, institutional and legal structures with the emphasis on changing from tradition to more efficient, effective, modernized and simplified processes, organizations, institutions and legal structures for doing the procurement business (Basheka 2009).

Reforms mean changing the general features of the systems and making them responsive to modern needs and philosophy. During reforms, systems with opacity are changed to allow for

transparent ones, those lacking integrity are transformed to enhance integrity, where in the past responsibility for procurement actions could not be pin-pointed, clear principles of accountability now become the vogue, where there had been corruption, honesty now prevails and generally wrongdoing and weaknesses become exceptions rather than the rule. Public procurement reform is not a single activity. It is a process, implying continuous assessment and reviews.

INNOVATION DIFFUSION THEORY

The Innovation Decision Process theory (Nonaka and Konno, 1998) states that diffusion is a process that occurs over time and can be seen as having five distinct stages. The stages in the process are Knowledge, Persuasion, Decision, Implementation, and Confirmation. According to this theory, potential adopters of an innovation must learn about the innovation, be persuaded as to the merits of the innovation, decide to adopt, implement the innovation, and confirm (reaffirm or reject) the decision to adopt the innovation. This theory has been so widely cited in the instructional technology literature.

There are five attributes upon which an innovation is judged: that it can be tried out (trial ability), that results can be observed, that it has an advantage over other innovations or the present

circumstance (relative advantage), that it is not overly complex to learn or use (complexity), that it fits in or is compatible with the circumstances into which it will be adopted (compatibility).

Public procurement is continuing to evolve both conceptually and organizationally. That evolution accelerated during the 1990s as governments at all levels came under increasing pressures to do more with less. Indeed, all governmental entities of rich and poor countries are struggling in the face of: unrelenting budget constraints; government downsizing; public demand for increased transparency in public procurement and greater concerns about efficiency, fairness and equity. Additionally, public procurement professionals have faced a constantly changing environment typified by rapidly emerging technologies, increasing product choice, environment concerns, and the complexities of international and regional trading agreements. Further, policy makers have increasingly used public procurement as a tool to achieve socioeconomic goal.

E-PROCUREMENT

E-procurement (electronic procurement, sometimes also known as supplier exchange) is the business-to-business or business-to-consumer or business-to-government purchase and sale of supplies, work, and services through the Internet as well as other information and networking



systems, such as electronic data interchange and enterprise resource planning, Baily, P. J. (2008). E-procurement system plays a fundamental role in organization purchasing by streamlining the buying process and providing the information needed to make more effective purchasing decisions (Presutti, 2003).

The adoption of e-procurement system in the firm's purchasing transaction allows firms to reduce transaction costs, improve internal procurement process efficiency and increase collaboration with suppliers (Chaffey 2004, Barbieri and Zanoni 2005). While many firms adopt e-procurement in an attempt to achieve the proposed benefits of lower costs and improved efficiency, it should be noted that the use of e-procurement does guarantee positive outcomes for buyers or suppliers. Stec's (2005) study of reverse auction use in the wood pallet industry found that suppliers realized few, if any benefits from participation, suppliers engaged in retaliatory pricing when the opportunity presented itself, buyers encountered unanticipated costs, and less-than-optimal buyer-supplier relationships resulted.

In organizational level, e-procurement system could make Company's procurement process more efficient and effective through automating procurement process, reengineering the internal processes and enhancing inter-organizational coordination. For example, Davila et al. (2003)

thought that by implementing e-procurement, the firm could shorten the order fulfillment cycle time, lower inventory levels and the price paid for goods, and reduce administrative costs of procurement. Eakin (2003) argued that the benefits of e-procurement can be classified to hard benefits such as price savings and process cost reductions, soft benefits such as individual time freed up through more efficient processes, and intangible benefits such as cultural change, financial approval for all spending, and high visibility of supplier performance.

Presutti (2003) found e-procurement system can bring benefits to the company such as reducing time-to-market cycles, reducing material and transactions costs, and reducing stock levels. Chaffey (2004) argued that the benefits of e-procurement include reduced purchasing cycle time and cost, enhanced budgetary control, elimination of administrative errors, increasing buyers' productivity, lowering prices through product standardization and consolidation of buys, improving the payment process, and improving information management.

Managers are attracted to the benefits of improved productivity, faster response times and an overall perception of low risk in implementation. In a series of case studies, several drivers were observed to spur implementation of e-

coordination; outdated information technology systems, competitive pressures to reduce cost and dissatisfaction with the performance of the supply function by other members of the organization (Flynn, 2003). Smeltzer and Ruzicka's (2000) study of a receipts-settlement technology identified a five-stage implementation sequence analysis and segmentation of spending (strategic sourcing), redesign of process, use of multiple technologies to support new process, supply-base rationalization and reduction, and electronic payments to suppliers. Thus, given the significant upfront design work, it is not surprising that the reported benefits of e-coordination are diverse and varied, including cost savings from process improvements and price reductions, greater visibility of orders, improved supplier competition and fewer requests for proposals that elicit no bids from suppliers (Flynn, 2003).

Web-based e-Procurement can be defined as the usage of Web-based functions and services that allow buyer organization to purchase goods and services and allow suppliers to manage and communicate the fulfillment of purchase orders delivered (Subramaniam and Shaw 2002, Chaffey 2004). Web-based-Procurement system is a compound application that contains many usable functions to assist company in processing the activities of purchasing transaction. The use of a Web-based procurement system can strengthen

search ability, facilitate faster and more accurate data transmission, provide quicker and more plentiful information, and achieve relatively low communications and coordination cost (Subramaniam and Shaw, 2002).

A study by Eyholzer and Hunziker, (2000) shows that only 18 percent of the Swiss companies analyzed used electronic product catalogues, auctions or requests for quotations in procurement in the year 2000. According to this study, however, many companies were planning to implement e-procurement systems at that time. Other studies show similar proportions for other countries (for the United States of America, for example, Industrial Distribution, 2001; The Institute of Management and Administration, 2000

Presutti (2003) refers to a Deloitte Consulting survey of 200 multi-national firms, which suggests the use of e-procurement is growing. Approximately 30 percent of firms in the sample had at least a basic e-procurement system in place. A total of 61 percent of the sample had planned to implement e-procurement systems or were at least considering it E-procurement continues to grow and was projected to reach \$3 trillion in transactions in 2004, up from \$75 billion in 2002.

Osei-Afoakwa (2004) investigated the Antecedents and the Prospects of Public

Procurement Regulation in Ghana. The objective of the study was to determine challenges affecting public regulations reforms in Ghana in year 2003. The development of Public Procurement regulation in Ghana culminating into the promulgation of the Public Procurement Act 663 has been traced in this paper. In 2003, Ghana promulgated the Act 663 to tackle public procurement corruption among other objectives. By means of a content analysis, a critical analysis of the Act 663 has been offered and a few changes have been suggested to improve its comprehensiveness, its capacity to ensure Transparency; its properties for Good management; its capacity to prevent misconduct, enable compliance and monitoring and its capacity to ensure Accountability, control and anti-corruption properties. The study concluded that The suspicion of and the actual incidence of corrupt practices and other challenges in the public procurement systems before and after independence made it imperative to reform the system and clear the way for integrity, promotion of good governance, improved accountability, value for money, transparency, efficiency and the judicious use of public funds in the public procurement system. This led to the promulgation of the Public Procurement Law.

The nature of public procurement systems in developing countries, making them particularly

the subject of reforms has been discussed by Basheka (2009) who identified several areas of weaknesses in the public procurement systems of these countries that gave rise to the need for reforms. These included absence of rules governing the conduct of public procurement, lack of accountability, inappropriate institutional and administrative structures and arrangements, inadequate human resource capacity and lack of transparency. The net effect of all these weaknesses is uncontrollable public procurement corruption (Basheka 2009) leading to a situation where, the cost of public works, goods or services can be exaggerated beyond normal (Arnaiz 2009). Because of the threat posed by corruption to societies, reducing it has engaged the attention of all concerned including governments, international bodies, civil society organizations, trade associations and business organizations as a matter of priority.

III .RESEARCH METHODOLOGY

The study used a descriptive survey research design as the study sought to describe characteristics of a population or phenomenon being studied. Descriptive research design portrays an accurate profile of persons, events, or situations (Robson, 2002). Surveys allow the collection of large amount of data from a sizable population in a highly economical way. The target population of the study was 90 staff working in the 18 ministries in Kenya who comprised of the heads of supply chain, finance, procurement,

human resource and logistics in government ministries.

According to Cooper and Schindler (2008), stratified proportionate random sampling technique produce estimates of overall population parameters with greater precision and ensures a more representative sample is derived from a relatively homogeneous population.

Stratification aimed to reduce standard error by providing some control over variance. From each stratum the study used simple random sampling to select the respondents. This gave all the respondents equal chances of being selected for the study. According to Cooper and Schindler (2008), stratified random sampling frequently minimizes the sampling error in the population. This in turn increases the precision of any estimation methods used. Mugenda and Mugenda (2003) indicated a sample size of 10% or 20% will be sufficient for a study. The study took 50% of the population to select a sample size of 45 respondents from the selected nine ministries. The respondents comprise supply chain managers, finance managers, procurement managers, human resource managers and logistics managers working in government ministries.

The questionnaire was used which contained open and close ended questions. The researcher carried out a pilot study to pretest and validates the questionnaire. The researcher selected a pilot group of 10 individuals from the target population to test the validity of the research instrument. Quantitative data collected was analyzed by the use of descriptive statistics means, standard deviations and frequencies. The information was displayed by use of bar charts and graphs. Statistical package for social sciences (SPSS version, 21) was used. Qualitative data

which was collected using open ended questions was analyzed using content analysis and presented in prose form. Inferential statistics regression and correlation were conducted to establish the relationship between public procurement reforms and procurement performance in government ministries in Kenya. A multi regression model was applied to determine the relationship between the effects of institutional capacity on public procurement reforms and the procurement performance of government ministries in Kenya.

IV. DATA ANALYSIS AND INTERPRETATIONS

Response rate

From the study, the sample size was 45 where 40 respondents responded and returned the questionnaires. This constituted to 88.88% response rate. Mugenda and Mugenda (2003) indicated a respondent rate of 50%, 60% or 70% is sufficient for a study and therefore a respondent rate of 88.88% for this study was sufficient.

In this study, reliability was ensured through a piloted questionnaire that was subjected to a sample of 5 staff, who were not included in the study. The 5 staffs were selected from government ministries in Kenya. The pre-test was conducted by the principal researcher (Neuman, 2000). From the findings, the coefficient was approximately 0.80 which is closer to 1 making the instrument very reliable.

1) E-Procurement

Table 4.1 Level of e-procurement in ministry

	Frequency	Percentages
Low	20	51

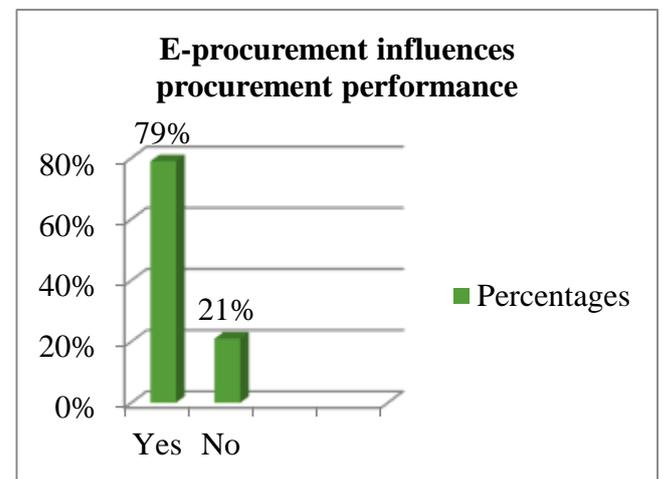
Medium	15	36
High	5	13
Total	40	100

The study sought to investigate the level of e-procurement in the ministry. From the findings majority 51% of the respondents indicated that there is low level of e-procurement in the ministry, 36% of the respondents indicated that there is medium level of e-procurement in the ministry while 12% of the respondents indicated that there is high level of e-procurement in the ministry. The study further found that there existed manual process for invitation of bids, bid evaluation and finalization of winning bid which is time-consuming, cost-intensive and prone to manipulation and corruption. However respondents who indicated that level of e-procurement in ministry is high said that tendering and subsequent stages of procurement and payment related activities are co-ordinated by purchase department with user department and accounts department. There is continuous interaction and consultation between user departments, finance departments and procurement departments from initiation of requisition to release of payment of vendor.

This implies that the necessity of adopting e-procurement for public procurements becomes acute when seen in the light of multiple incidences of possible fraud, corruption, bid rigging and collusion between suppliers being reported in ministries. This is in line with Stec's (2005), who stated that while many firms adopt e-procurement in an attempt to achieve the proposed benefits of lower costs and improved efficiency, it should be

noted that the use of e-procurement does guarantee positive outcomes for buyers or suppliers. Davila et al. (2003) further stated that in organizational level, e-procurement system could make Company's procurement process more efficient and effective through automating procurement process, reengineering the internal processes and enhancing inter-organizational coordination.

E-procurement in public procurement influences procurement performance



The study sought to know whether the e-procurement in public procurement in the ministry influences performance in the procurement. From the findings 79% of the respondents indicated that e-procurement in public procurement influences procurement performance while 21% of the respondents indicated that e-procurement in public procurement does not influence procurement performance. Respondents stated adopting an e-procurement solution enable the ministries to save on the money, time and labour that are normally wasted on sieving through reams of paper. The opportunity to conduct online transactions with the government reduces red tape apart from simplifying regulatory processes. This implies that efficiency in handling public procurement by the

government ministries was enhanced through automation and process reengineering helping the maintenance of a clear picture of its procurement activities on a real-time basis. This is in line with Barbieri and Zanoni (2005), who stated that the adoption of e-procurement system in the firm's purchasing transaction allows firms to reduce transaction costs, improve internal procurement process efficiency and increase collaboration with suppliers.

Ministries engage e-procurement activities

	Frequency		Percentages of yes
	Yes	No	
E-tendering	35	5	88
E-sourcing	29	11	72
E-ordering	28	12	69

The study sought to know whether the ministries engage in the given e-procurement activities. From the findings majority 88%, 72% and 69% of the respondents indicated that the ministries engage in the e-tendering, e-sourcing and e-ordering activities. Respondents further stated that the e-procurement activities done in the government ministries were indent management, e-auction, e-informing, e-payment, vendor management, catalogue management and contract management. The respondents further explained that the government ministries has stipulated hosting of all open tenders on the official web site, use internet technology to buy goods and services from a number of known or unknown suppliers as well as gathering and distributing purchasing information both from and to internal and external

parties using internet technology. This implies that there was use of multiple technologies to support new process of electronic payments to suppliers. This is in line with Flynn (2003), who stated that managers are attracted to the benefits of improved productivity, faster response times and an overall perception of low risk in implementation of e-coordination; outdated information technology systems, competitive pressures to reduce cost and dissatisfaction with the performance of the supply function.

E-procurement in public procurement reforms influence procurement performance

	Mean	Standard deviation
Reduction in transaction cost	4.69	0.65
Influence efficient purchasing process	4.41	0.40
Reduce paper work and errors	4.78	0.74
Enhance information sharing	4.32	0.24
Reduce corruption cases in procurement process	4.30	0.34
Reengineering the internal processes	4.79	0.75
Enhancing inter-organizational coordination	4.54	0.50
Reducing material costs	4.68	0.64
Reduced purchasing cycle time	4.36	0.34
Improving the payment process	4.57	0.49

The study sought to know the extent to which respondents agreed with the given statement concerning e-procurement in public procurement reforms influence on procurement performance in the ministry. From the findings, majority of the respondents strongly agreed that reengineering the internal processes, reduced paper work and errors,

reduction in transaction cost, reducing material costs, improving the payment process and enhancing inter-organizational coordination affect procurement performance in the ministry as indicated by a mean of 4.79, 4.78, 4.69, 4.68, 4.57 and 4.54 with a standard deviation of 0.75, 0.74, 0.65, 0.64, 0.50 and 0.49. Most of the respondents agreed that efficient purchasing process, reduced purchasing cycle time, enhanced information sharing and reduced corruption cases in procurement process affect procurement performance in the ministry as indicated by a mean of 4.41, 4.36, 4.32 and 4.30 with standard deviation of 0.40, 0.34, 0.24 and 0.34.

The study conducted a Pearson correlation analysis noted that there existed a very strong positive correlation between effects of public procurement reforms and the procurement performance of government ministries in Kenya at 95% confidence level. There also existed a strong positive correlation between e-procurement and

the procurement performance of government ministries in Kenya with a correlation coefficient of 0.868 and a significance level of 0.01. This correlation was statistically significant since its P-Value of 0.003 was less than 0.05.

A multiple regression model was applied to determine the extent to which public procurement reforms affects procurement performance of government ministries in Kenya. Adjusted R² is called the coefficient of determination which indicates how the procurement performance will varies with variation in effects of public procurement reforms which includes institution capacity. The value of adjusted R² is 0.832. This implies that, there was a variation of 83.2% of procurement performance varied with variation in effects of public procurement reforms on the procurement performance of government ministries in Kenya at a confidence level of 95%.

Coefficients (a)

<i>Model</i>	<i>Unstandardized Coefficients</i>		<i>Standardized Coefficients</i>	<i>t</i>	<i>Sig.</i>
	<i>B</i>	<i>Std. Error</i>	<i>Beta</i>		
(Constant)	3.852	0.000	.375	2.445	.001
E-procurement	.732	0.890	.523	.000	0.001

From the above regression model, it was found that procurement performance of government

ministries in Kenya would be at 3.852 holding effects of public procurement reforms which is e-procurement. Effective e-procurement adaptation would significantly affect procurement performance of government ministries in Kenya (r=.732, p=0.001<0.05).



V. CONCLUSION

There was e-procurement in the ministry as there existed manual process for invitation of bids, bid evaluation and finalization of winning bid which is time-consuming, cost-intensive and prone to manipulation and corruption. However respondents who indicated that level of e-procurement in ministry is high said that tendering and subsequent stages of procurement and payment related activities are co-ordinated by purchase department with user department and accounts department.

The study established that the e-procurement in public procurement influences procurement performance as adopting an e-procurement solution enable the ministries to save on the money, time and labour that are normally wasted on sieving through reams of paper. The opportunity to conduct online transactions with the government reduces red tape apart from simplifying regulatory processes. The e-procurement activities done in the government ministries were e-tendering, e-sourcing, e-ordering, indent management, e-auction, e-informing, e-payment, vendor management, catalogue management and contract management. The study established that reengineering the internal processes, reduced paper work and errors, reduction in transaction cost, reducing material

costs, improving the payment process, enhancing inter-organizational coordination, efficient purchasing process, reduced purchasing cycle time, enhanced information sharing and reduced corruption cases in procurement process affect procurement performance in the ministry.

The study concludes that ministries adopt e-procurement in an attempt to achieve the proposed benefits of lower costs and improved efficiency. E-procurement system made ministry's procurement process more efficient and effective through automating procurement process, reengineering the internal processes and enhancing inter-organizational coordination. Adoption of e-procurement system in the ministry's purchasing transaction allows firms to reduce transaction costs, improve internal procurement process efficiency and increase collaboration with suppliers.

The study concludes that government ministries has stipulated hosting of all open tenders on the official web site, use internet technology to buy goods and services from a number of known or unknown suppliers as well as gathering and distributing purchasing information both from and to internal and external parties using internet technology.

VI. RECOMMENDATION



The necessity of adopting e-procurement for public procurements becomes acute when seen in the light of multiple incidences of possible fraud, corruption, bid rigging and collusion between suppliers being reported in ministries. The study recommended that there should be use of multiple technologies to support new process of electronic payments to suppliers to enjoy the benefits of improved productivity, faster response times and an overall perception of low risk in implementation of e-coordination; outdated information technology systems, competitive pressures to reduce cost and dissatisfaction with the performance of the supply function.

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