

ROLE OF PROCUREMENT FUNCTION IN ENHANCING PERFORMANCE IN DEVOLVED GOVERNMENT: A CASE OF MACHAKOS COUNTY

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ABSTRACT

The function of procurement has grown tremendously in Kenya over the last ten years. The increased interest in procurement has however led to questions whether procurement function is achieving service delivery to the Kenyan public while ensuring value for money. Consumers of procurement services look for assurances that procurement activities are indeed being handled professionally. Therefore one of the key issues is to identify the role of procurement function in enhancing performance in the newly formed county governments the key factors namely, technology, staff competency, stakeholder influence and government policy; that enhances this performance was presented. This study adopted a descriptive survey design. A descriptive research design determines and reports the way things are. The target population consisted of 800 staff working at the Machakos county government offices. The study utilized 10% of the target population which was selected using a stratified random sampling technique giving a sample size of 80 respondents. Regression models were used to examine the role of procurement function in enhancing performance in devolved government in Kenya: A case of Machakos County. The study found that jointly, the independent variables had an R² of 0.5155 hence they have a great positive influence on the performance in devolved government. Staff competency was the most significant with a p value of 0.021 at 95% level of significance that is less than 5% is significant in the procurement function so as to enhance performance in devolved government in Kenya.

Key Words: *procurement function, performance, devolved government, Machakos County*

Introduction

The study sought to establish the role of procurement function in enhancing performance in devolved government. This section introduces the background and statement of the problem, the objective of the study and research questions, the scope and limitations of the study, the relevance of the study and the area of study.

A county is a geographical region a country used for administrative or other purposes. Its etymology derives from the Old French term, *conté* or *cunté* and could denote a jurisdiction in mainland Europe, under the sovereignty of a Viscount. Countries that have this form of system worldwide include; Australia, Canada, China, Denmark, France, Germany, Hungary, Iran, Ireland, Italy, Liberia, Nigeria, Uganda, New Zealand, Norway, Poland, Romania, Sweden, Australia, Korea, United Kingdom and United States (ISAC, 2000). Local authorities or county governments are an important element of government in terms of service delivery so as to tackle problems that face local communities; they also create employment in public sector and will also account 15 percent of Kenya's revenue (RoK, 2013).

There is growing evidence that for the counties to safeguard public finance in the wake of transparency, accountability and value for money there is importance of proper management of procurement function as this function accounts for substantial portion of firm's resources and time (Gershon, 2004). Though the public sector is not competitive, there is need to maintain efficiency in procurement systems to cut administration cost and to keep abreast of market condition to procure material and services. There is also need for procurement to move from paper based system in procuring materials and services. This traditional function involves generation, copying and transfer of many paper documents in the form of requisition raised by the user department, quotation, purchase order and delivery notes, this paperbased procurement leads to inefficiencies due to the direct and indirect costs involved in the procurement process (Ballard, 2003).

It has been proven that indirect procurement of goods not directly involved in the core business be it product or service delivery usually constitute 30-60 percent of a firm's total expenditure. Non- value adding activities such as data entry, correcting of errors in paperwork, expediting or solving quality problems and suppliers chasing the procurement function for payment were also seen to be core contributor to procurement being a bottleneck in an organization. These loopholes allowed for unethical procurement activity such as bribery and corruption similarly contractors who have no capacity and expertise end up getting contracts which they will not perform leading to loss of public funds (Aberdeen Group, 2010). There is need for this department to perform and this can only be seen when the individual performance are raise, this will translate to better service delivery in public sector and profitability in the private sector (Faems & Sels, 2005).

In the UK local authorities are an important element of government with over two million people employed in the sector and account for 25% of total public spending. Whilst central government provides key departments such as in justice, health, education, defence and treasury, local government was founded back in the 19th century to tackle problems facing local communities. The Parkwood Council is a local authority that provides a wide range of services to a population of 192,000 and has nearly 7,000 staff (OGC, 2003). Like any other council, the services that Parkwood provides span from maintaining roads, footpaths and street lighting, to waste collections from domestic houses and commercial properties, to providing care for vulnerable

children and adults. There are hundreds of different services that the authority provides and the Parkwood Council covers a generally disadvantaged area (HM , 2006).

In comparison to national averages, its rate of unemployment, for example was 11.4% compared to the national average of 7.9%. Another telling statistic is that only 68.1% of its population is economically active; compared to a national average of 78.5%. Those are not economically active include people that are looking after the family and home, students, the long term sick or disabled and the retired. The measure of these economically active people was therefore over 10% different from that of the national average, recorded by the Office of National Statistics (Gershon, 2004).

Procurement in the UK counties is done through consortia purchasing. A typical example of a consortium is the Yorkshire Purchasing Organization (YPO), serving schools and local authorities mainly in Yorkshire, Greater Manchester and Merseyside. Originally, selling mainly to 12 constituent authorities, new autonomy especially in education means that YPO is now selling to over 30,000 small customers whose orders have an average line value of under £ 10. Customers' orders whose system devised by YPO using mail-order catalogues covering over 15,000. The consortium aims to meet a 97 per cent availability target (HM , 2006).

The promulgation of the Constitution of Kenya on 27 August 2010 paved way for realization of the devolved system of governance. Chapter Eleven (Cap 11) of the Constitution Devolved Government specifically provides for the setting up of County Governments. The County governments absorbed staff, records and ongoing contracts on projects that existed in the Local authority government as well Provincial and District commissioners' offices and transferred to the county service delivery coordinating unit (RoK, 2013).

An audit report submitted by the Office of the Budget Controller, however, shows that a total of Sh6.7 billion was sunk in the entities by different counties between March and June. The report said most of the money was spent on the local authorities without approval from the respective county assemblies. The report is a review of the county budgets in the quarter between March and June. It was noted that counties continued to operate the defunct local authority bank accounts despite a directive that all bank accounts be closed or be frozen by February 28, 2013 as per the directive issued by the Transition Authority. This directive was ignored and public funds were deposited and expended directly at source in total disregard of the law the report called for an audit of former local authorities' bank accounts, assets and liabilities passed over to the County governments on March 4, 2013 after the General Election (RoK, 2013).

In light of County governments absorbing staff, records and ongoing contracts on projects that existed in the Local authority government as well Provincial and District commissioners' offices and transferred to the county service delivery coordinating unit, then Machakos County also absorbed the ghost of Syokimau demolitions. In 2011, a legislature probe into Syokimau demolitions revealed that there was ownership disputes on the parcels of land that was

demolished despite the owners paying Sh 29 million in land rates to the Mavoko county council goes on. The committee comprises relevant departmental committees including that on Administration and National Security, Lands and Natural Resources Transport, Housing and Public Works and Local Authorities (RoK, 2011). The report revealed that government officials in Mavoko which is now part of Machakos County knowingly facilitated the transfer of land to private developers illegally.

Focus on the county describes Machakos County as an administrative County in the eastern part of Kenya. The County has 8 constituencies. The County covers 6,208 square Kms and has a population of 1,098,584 as per 2009 census (Male – 49%, Female – 51). Its capital town Machakos is cosmopolitan and is located 64 kilometers southeast of Nairobi. The poverty levels in the County are at 59.6 % against a national average of 47.2% based on (RoK, 2013).

This scenario coupled with the fact that the 51% of the Machakos County citizen are considered as economically inactive implies that the procurement function in this County is critical in ensuring VFM as investments to spur growth and reverse the situation are carried out through the PPPs which requires the procurement function to be frugal in spend (World Bank, 2012). Service delivery orientation and performance management will be the key strategies the County will pursue in pushing for the public service vision. The service delivery will be geared towards results other than process, while the performance management shall shift towards rewarding merit, efficient public procurement is key in achieving transparency and accountability with spend of tax payers' funds (Machakos county, 2012).

The business case for identifying the role of procurement function in enhancing performance in devolved government is driven by firstly, the need to significantly improve on transparency: traceability of all transactions; effective for preventing fraud and corruption; provides audit trail. Secondly, there is enhanced value for money: enhances competition through improved accessibility; reduces procurement costs and transaction costs; facilitates online catalogue based purchases, such as framework contracts; improved market intelligence and resource allocation management. Thirdly, there is improved work efficiency: reduces disputes; better enforcement of regulations; reduced procurement time; standardization and streamlining of procurement process (World Bank, 2012).

Effective procurement systems have also allowed governments to apply standard procurement processes across institutions, using appropriate monitoring and management controls to delegate more responsibility to the individual procuring entities. The proper implementations of standard processes and controls has improved the work efficiency within procuring entities and reduced procurement times by providing users with electronic tools and environments to support their tasks (UN , 2011).

A study conducted identified that 70 percent of the respondents found that bureaucratic nature of public procurement creates a barrier in the achievement of efficiency and effectiveness hence

leading to the loss of public funds (UNCTAD, 2012). Value for Money rationale promotes stability and security, stimulates growth and improving service delivery through maximizing impact for the money spent, based on a clearer understanding of the unit costs of delivery. Improving procurement has also show that strengthening staff capacity on procurement, better training, and attention to minimizing costs of programme management based on cost efficiency which is expected reduce by 44% (DFID Kenya, 2012).

Statement of the problem

According to DFID (2013) Machakos County has been cited to be among ten most inefficient counties. The inefficiency is seen from the failure by the county to assure its people in service delivery. The citizens of Machakos county incurred loses that amounted to billions when their homes were demolished in Syokimau despite them having paid the Machakos land office millions in land rates as well as the cost incurred in carrying out due diligence process in land verification (World Bank, 2012). Land officials in Machakos lands office were to blame for facilitating the transfer of land to the unsuspecting buyers (RoK, 2011). This sentiment that describes Machakos county as inefficient is echoed by a report by National Taxpayers report (NTA, 2012) that Machakos county had recorded a lose of five hundred million Kenya shillings on badly implemented projects as well as incompleted projects all which was money from the public coffers aimed at ensuring service delivery to the people of Machakos.

Similarly, a report by procurement auditors InfoSuv East Africa shows that Ksh 854 million of taxpayers' money is unaccounted (SPA , 2012). A report prepared by the controller of budget in Kenya noted that Sh6.7 billion had been spent from the now non-existent local authorities accounts (RoK, 2013). It should be noted that the Transition Authority had ordered that the bank accounts held by the now defunct Local Authorities be frozen as at 28th of February 2013 (TA, 2013). The report by the Controller of Budget identifies Machakos county as one of the most offending counties with over a third of the monies in question having been spent by this very county (RoK, 2013).

It is evident that inefficiency in public procurement remains a greatest challenge in procurement practices (Kirungu, 2012). Would the failure to identify the role of procurement function in enhancing performance in devolved government contribute to the loss of large sums of public funds in Kenya?

The literature available in chapter two show that most of the studies conducted on the role of procurement function in enhancing performance in devolved system of government have focused on the developed countries outside Africa; it is evident that government is the largest consumer of goods and services in Kenya. For the period 2011/2012 government final consumption was approximately 458 billion Kenya shillings which accounts for 43% of the Kenyan budget (RoK, 2013). Procurement contributes heavily to the recurrent expenditure, yet there is little or no empirical evidence available to this study on the role of procurement function in enhancing

performance in devolved system of governments in Kenya. It is therefore imperative to explore the role of procurement function in enhancing performance in devolved system of government in Kenya. This study will embark to fill this gap.

General objective

The main objective of this study was to establish the role of procurement function in enhancing performance in devolved governments in Kenya a case of Machakos County.

Specific objectives

1. To establish the role of technology in procurement function in enhancing performance in devolved government in Kenya.
2. To find out the significance of staff competency in procurement function in enhancing performance in devolved government in Kenya.
3. To assess the impact of stakeholders influence on procurement function in enhancing performance in devolved government in Kenya.
4. To examine the influence of government policy on procurement function in enhancing performance in devolved government in Kenya.

Theoretical review

A theory is a set of interrelated principles and definitions that present a systematic view of the phenomena by specifying relationships among variables with the purpose of explaining natural phenomena (Kerlinger, 1986). In effect, a theory includes a set of basic assumptions and axioms as the foundation and the body of the theory is composed of logically interrelated, empirically verifiable propositions. Theoretical frameworks are explanations about the phenomena (Camp, 2001). Theoretical framework provides the research the lens to view the world clearly (Marriam, 2001). This study will be based on Resource based theory, Technology diffusion theory, Human capital theory, Stakeholder theory and Agency theory discussed below.

Resource Based Theory

Resource-based theory aspires to explain the internal sources of a firm's sustained competitive advantage (Kraaijenbrink, Spender, & Groen, 2010). It was Penrose who established the foundations of the resourced-based view as a theory (Roos & Roos, 1997). Penrose first provides a logical explanation to the growth rate of the firm by clarifying the causal relationships among firm resources, production capability and performance. The focus was mainly on efficient and innovative use of resources. It was identified that bundles of productive resources controlled by firms could vary significantly by firm, that firms in this sense are fundamentally heterogeneous even if they are in the same industry (Barney & Clark, 2007). Sandholm, (2006) took on a resource perspective to analyze the role of procurement in new products development and

ultimately organizational performance and believed that “resources and products are two sides of the same coin” and firms diversify based on available resources and continue to accumulate through acquisition behaviors.

Elgar (2002) also uses the resource-based theory to explain performance as well as performance improvements. To perform is to produce valued results. A performer can be an individual or a group of people engaging in a collaborative effort. Developing performance is a journey, and level of performance describes location in the journey. Current level of performance depends holistically on 6 components: context, level of knowledge, levels of skills, level of identity, personal factors, and fixed factors. Three axioms are proposed for effective performance improvements. These involve a performer’s mindset, immersion in an enriching environment, and engagement in reflective practice.

For performance to increase the following factors must be influenced by the performer these are: Performer’s Mindset includes actions that engage positive emotions. Secondly, immersion in a physical, social, and intellectual environment can elevate performance and stimulate personal as well as professional development. Finally, reflective practices which involve actions that help people pay attention to and learn from experiences. In conclusion it is observed that we all want to be high performers: Be like Mike, the Nike Ad suggests (Taylor, 2006). The above information in this study will be representing the dependent variable performance in devolved government which is enhanced by the role of procurement as a guide to the study.

Technology Diffusion Theory

Technology Diffusion Theory is the common lens through which theorist study the adoption and development of new ideas. Diffusion is defined basically as the process by which an innovation is adopted and gains acceptance by individuals or members of a community. The Diffusion theory represents a complex number of sub-theories that collectively study the processes of adoption. The most famous account of diffusion research by Rogers (1955) where the definition of diffusion comprises of four elements which are; 1) Innovation: an idea, practices or object perceived as new by individuals or group of adopters. 2) Communication channels: means by innovation moves from one individual to the next or group to group. 3) Time: the non-spatial interval through which Diffusion event takes place. The events include: innovation diffusion process, relative span of time for the individual or group to adopt the innovation. 4) Social system: a set of interrelated units that are engaged in joint problem solving activities to accomplish the goals.

Rogers (1955) also came up with the perceived attributes theory that assumes that innovation bears the following characteristics: 1) Relative advantage: degree in which an advantage is perceived as better than the idea it supersedes. 2) Compatibility: degree that an innovation is seen to be consistent with existing values and norms. 3) Complexity: the degree in which an innovation is seen to be difficult or easy to understand and use. 4) Trialability: is the degree in

which an innovation may be experienced on a limited basis. 5) Observability: the degree to which the results of innovation are visible to others. The easier it is for individuals to see results of an innovation, the more likely they are to adopt it (Rogers, 1955). Although the process is not limited to these perceived attributes, the elements are helpful in formulating questions for potential adopters in better understanding what factors make adoption possible or desirable .

Endogenous growth theory however indicates that the rate of technological progress, and hence the long-run rate of economic growth, can be influenced by economic factors which will curtail technology adoption in procurement as technology is seen as costly. It starts from the observation that technological progress takes place through innovations, in the form of new products, processes and markets, many of which are the result of economic activities (Lieberth, 2007). Technology revolution has impacted on purchasing, the drivers for change in purchasing function must include the objective of eradicating paper. A tender document is said to weigh in excess off six kilograms, the resultant tender becomes heavier. A secure system that facilitates procure to pay is an objective of a world class procurement which is seen to enhance the performance of the procurement function (Lysons & Farrington, 2012).

The Technology Diffusion theory is important in guiding the firm to initiate change and adopt technologies in procurement in the shift towards world class procurement.

Human Capital Theory

Human Capital theory was proposed by Schultz (1961) and developed extensively by Becker (1964). Schultz (1961) in an article entitled “Investment in Human Capital” introduces his theory of Human Capital. Schultz argues that both knowledge and skill are a form of capital, and that this capital is a product of deliberate organizational growth. The concept of human capital implies an investment in people through education and training. Schultz compares the acquisition of knowledge and skills to acquiring the means of production. The difference in earnings between people relates to the differences in access to education and health. Schultz argues that investment in education and training leads to an increase in human productivity, which in turn leads to a positive rate of return and hence of growth of businesses as well as achievement of organizational objectives. In this theory people are regarded as assets and stresses that investments by organizations in people will generate worthwhile returns.

The theory is associated with the resource based view of strategy developed by Camp (2001), the theory proposes that sustainable competitive advantage is attained when the firm as a human resource pool that cannot be imitated or substituted by its rival. For the employer investments in training and developing people is a means of attracting and retaining people. These returns are expected to be improvements in performance, productivity, flexibility and the capacity to innovate that should results from enlarging the skills base and increasing levels of knowledge and competence. Borjas (2012) suggests that the general message in persuasive skills, knowledge and competences are key factors in determining whether organizations and firms will prosper.

Previous empirical research have emphasized that human capital is one of the key factor in explaining achievement of organizational objectives. In that highly educated staffs leverage their knowledge and the social contacts generated through the education system to acquire resources required to perform effectively (Emiliani, 2006). The specific human capital can be attained through precise trainings and previous experience. More focused procurement training can provide procurement staff with specific knowledge, compared to a formal education. This kind of specific human capital also includes general knowledge on firm administration, specific knowledge relating to procurement and supply as well as technical knowledge relating to products and processes of business (Lyson & Brewer, 2003). The human capital theory is important in guiding the decision maker on the importance of training and development of the staff.

Stakeholder theory

Stakeholder theory is a theory of organizational management and business ethics that addresses morals and values in managing an organization. It was originally detailed by (Freeman, 1984) and identifies and models the groups which are stakeholders of a corporations and both describes and recommends methods by which management can give due regard to the interests of those groups. In short, it attempts to address the “Principle of Who or What Really Counts”. In the traditional view of the firm, the stakeholders of a company as the owners of the company, and the firm has a binding fiduciary to put their needs first, to increase value for them. However, stakeholder theory argues that there are other parties involved, including governmental bodies, political groups, trade associations, trade unions, communities, financiers, suppliers, employees, and customers. Sometimes even competitors are counted as stakeholders - their status being derived from their capacity to affect the firm and its other morally legitimate stakeholders (Gesteland, 2005).

Miles,(2011) states that the stakeholder theory used in is an instrumental theory of the corporation in integrating both the resource-based view as well as the market-based view. This view of the firm is used to define the specific stakeholders of a corporation; the normative theory by Donaldson of stakeholder identification as well as examine the conditions under which these parties should be treated as stakeholders; the descriptive theory of stakeholder salience. These two questions make up the modern treatment of Stakeholder Theory. Mendelow cited by Gesteland,(2005) developed the theory of power/interest matrix as a useful tool to map stakeholders and their importance. On the basis of the results of mapping, organizations can make the necessary actions to manage stakeholders’ expectations and reactions.

Donaldson & Preston,(1995) argue that the theory has multiple distinct aspects that are mutually supportive: descriptive, instrumental, and normative. The descriptive approach is used in research to describe and explain the characteristics and behaviors of firms, including how companies are managed, how the board of directors considers corporate constituencies, the way that managers think about managing, and the nature of the firm itself. The instrumental approach

uses empirical data to identify the connections that exist between the management of stakeholder groups and the achievement of corporate goals most commonly profitability and efficiency goals. The normative approach, identified as the core of the theory by Donaldson and Preston, examines the function of the corporation and identifies the "moral or philosophical guidelines for the operation and management of the corporation. As a company's effectiveness and capabilities increase, the set of stakeholders tend to increase (Lieberth, 2007). There is need to manage the stakeholders effectively so as to gain their buy-in.

Agency theory

The principal-agent theory is concerned with the difficulties in motivating one party the agent to act in the best interests of another the principal rather than in his or her own interests. Common examples of this relationship include corporate management (agent) and shareholders (principal), or politicians (agent) and voters (principal), (Jensen & Meckling, 1976). Agents or managers may not always act in the best interest of shareholders when the control of a company is separate from its ownership. In June 1959, Simon Herbert cited in Baysinger & Hoskinsson, (2007) proclaimed that managers might be "satisfiers" rather than "maximizes," that is, they tend to play it safe and seek an acceptable level of growth because they are more concerned with perpetuating their own existence than with maximizing the value of the firm to its shareholders this explains why most public procurement is seen as a bottleneck as the managers fear to act contrary to laid down guidelines and procedures. But in Kenya the government delegates decision-making authority to the agent the accounting officer with the expectation that the agent will act in their best interest which is adhering to the policies in place (Ogachi, 2011).

A comprehensive theory of the firm under agency arrangements was developed by (Jensen & Meckling cited by (Miles, 2011), who show that the principals (the shareholders) can assure themselves that the agent will make the optimal decisions only if appropriate incentives are given and only if the agent is monitored. Incentives include such things as stock options, bonuses and prerequisites which are directly related to how well the results of management's decisions serve the interests of shareholders. Monitoring consists of bonding the agent, systematic reviews of management prerequisites, financial audits, and placing specific limits on management decisions this is by ensuring that procurement policies such as the Act and regulations are followed to the letter. Baysinger & Hoskinsson (2007) suggest that the primary monitoring of managers comes not from the owners but from the managerial labor market. (Cannon & Perreault, 2004) find evidence consistent with this argument: directors of poorly performing firms, who therefore may be perceived to have done a poor job overseeing management, are less likely to become directors at other firms. On the other hand, reputational concerns do not correct all agency problems and can, in fact, create new ones.

Research Methodology

Research Design

The study adopted a descriptive survey design. A descriptive research design determines and reports the way things are (Mugenda & Mugenda, 2003). Creswell (2003) observes that a descriptive research design is used when data is collected to describe persons, organizations, settings or phenomena. The design also has enough provision for protection of bias and maximized reliability (Kothari, 2008). Descriptive design uses a preplanned design for analysis (Mugenda & Mugenda, 2003). Descriptive survey is a method of collecting information by interviewing or administering a questionnaire to a sample of individual (Orodho, 2003). Research design is a guideline of how one goes about answering the research questions that clearly defines purpose, and has consistency between the research questions and the proposed research method (Sekaran, 2010). Orodho (2003) defines research design as the scheme, outline or plan that is used to generate answers to the research problem.

Study population

Population refers to the entire group of people or things of interest that the researcher wishes to investigate (Sekaran, 2010). Mugenda and Mugenda (2003) define population as an entire group of individual or objects having common observable characteristic. Data available from the Machakos county government Human resources department there are 800 staff working in the County government offices they are in 50 in top management, 250 in middle management and 500 in lower level.

Sampling Frame and Technique

The sampling frame describes the list of all population units from which the sample was selected (Dempsey, 2003). It is a physical representation of the target population and comprises all the units that are potential members of a sample (Kothari, 2008). Kerlinger (1986) indicates that a sample size of 10% of the target population is large enough so long as it allows for reliable data analysis and allows testing for significance of differences between estimates. The sample size depends on what one wants to know, the purpose of the inquiry, what is at stake, what was useful, what had credibility and what can be done with available time and resources (Patton, 2002). Therefore, a proportionate sample size of approximate 80 respondents which is 10% of the population was selected using a stratified random sampling technique from the identified sample in Table 3.1. Orodho (2003) states that stratified sampling are applicable if a population from which a sample is to be drawn does not constitute a homogeneous group.

Data Collection Procedure

Primary data presents the actual information that was obtained for the purpose of the research study. This type of data was gathered using questionnaires and was collected first then analyzed

to get only the important information that is relevant. Secondary data is that data collected for other purposes but was still useable in this type of research study. It involves past data that has been previously collected and tabulated through graphs, charts and reports. This type of data was collected from reference materials with key information considered helpful to this research study. Collection of secondary data was obtained through desk research from the organizations past reference materials and other published materials; some of the sources of secondary data shall inform the literature review of my study.

Data Analysis

The questionnaires were checked for completeness and consistency of information at the end of the every field data collection day and before storage. Data capturing was done using SSPS software templates. The data from the completed questionnaires was cleaned, re-coded and entered into the computer using the statistical package for social sciences (SSPS) version 21 for analysis.

Descriptive statistics was used to analyze and present the data. Data was presented in the form of frequency distribution and explanation of the study findings. Finally, inferential statistics using correlation analysis was also carried out to establish the nature of the relationship that existed between variables. In this case Procurement performance (y) was the dependent variable. Independent variables were Technology x1; Staff competency x2; Stakeholder power x3; Government policy x4. A multiple regression equation for predicting procurement performance was expressed as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \alpha.$$

The equation for performance was expressed in the following equation:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \alpha.$$

Where:

X2 = Staff competence

Y = Performance

X3 = Stakeholder influence

β_0 = constant

X4 = Government policy

X1 = Technology

B1... B4 = regression coefficient of four variables.

Inferential statistics such non parametric test which include analysis of variance (ANOVA) were used to test the significance of the overall model at 95% level of significance. According to Mugenda (2003) analysis of variance is used because it makes use of the F – test in terms of sums of squares residual.

Research Results

Demographic Data

The study sought to establish the demographic data of the respondents. The researcher begun by a general analysis on the demographic data got from the respondents which included; - the gender, age, position held by respondents, duration of service, academic and professional qualification of the respondents. This research targeted 80 respondents in regard to establishing the role of procurement function in enhancing performance in devolved government and 63 questionnaires were generated.

The descriptive statistics of the study indicated that 37 (58.73%) of the respondents were men while the remaining 26 (41.27%) were women. This result illustrates that majority of employees in public sector are males. It is also in agreement with the findings by Done 2013) who maintained that there is still gender imbalance in employment opportunities.

In the survey, the respondents were asked to state their age bracket. Out of the 63 top, middle and low level management in the county government. Where it found that those who were aged between 23-32 years had 15.9% (10), 33-37 years of age was represented by 26.9% (17), the employees between and over 42 years had 28.6%(18) each. This result illustrates that majority of employees in public sector are between the age of 38 and over 42 years. It is also in agreement with the findings by Borjas, (2012) who maintained that there are two natural age peaks correlated to e employment, namely the late twenties and mid-forties. The age of 38 and over 42 has the majority of staff. 7(11.11%) of the respondents indicated that they were in top management. However, 22 (34.92%) of the respondents were in middle management and 34 (53.4%) were in low level management. This result is in agreement to a study that was conducted in Kenya by (Nyoro, 2007) which showed that more than eighty percent (50%) of employees are in lower level management.

Twenty nine (46.03%) of the respondents have been in service for over 8 years, 26 (41.03%) have been in service for between 3 and 7 years and 8 (12.7%) have been in service for less than 2 years. This result indicates that the majority of employees in Kenya's public sector have been in service for over 8 years.

From the descriptive statistics shown in figure 4.3, 25 (39.68%) of the respondents were reported to be diploma holders, 23 (36.51%) of them were holders of a first degree, 7 (11.11%) had a Master's degree, 5 (7.936%) of them had reached secondary school and 3 (4.761%) were PhD holders. Previous empirical studies appear to be in agreement with this result Nelson (2003) in a study on the success of corporates in Scotland, found that the education of the staff is positively related to the success of the business. This shows that the academic qualification affects the performance of staff in public sector in Kenya.

Technology

The study sought to investigate the role of technology in procurement function in enhancing performance in devolved government in Kenya. Specifically, the study focused on IT skills and IT policy. The study sought to find out the nature of procurement system in Machakos County. Findings that majority 55.56% the respondents describe the procurement system as manual. A few 6.35% describe it as computer based while 38.09% describe it as a combination of both since there is a pilot project IFMIS being carried out by the government to digitize operations in Machakos County. These findings agree to the fact that systems in procurement is making strides towards implementation in order to acquire the benefits associated with digitizing the procurement process (Qualyle, 2005).

The study sought to find out the whether the existing technologies were adequate. Results indicated that an overwhelming 80.95% of respondents felt that the technologies where not adequate in enhancing the performance in Machakos county. While 19.05% indicated that the technologies in place were adequate. This shows that Machakos County was yet to provide the necessary technologies that will enhance performance. Aberdeen Group (2010) study on adequacy of technologies of 160 firma; about 80% of the participatant acknowledged that adequate technologies are important in enhncing an organization's performance.

Findings on the likert scale rating indicated the following technology issues that enhance performance in Machakos county government. They include availability of computers and peripherals (Mean score 4.15), IT skills (Mean score 3.72) and IT policy (Mean score 3.87). These findings are in line with Boyd (2005) who revealed that for implementation and adoption to commence, there is need to provide the hardware so that the employees can begin to feel involved in the implementation process.

Staff competency

The study sought to investigate the significance of staff competency in procurement function in enhancing performance in devolved government in Kenya. Specifically, the study focused on level of education, procurement knowledge and technical skills. The study sought to find out the whether level of education influences the performance of the procurement functions. Majority 63.49% of the respondents indicated that level of education enhances the performance in Machakos County, 26.98% disagreed that level of education enhances the performance while a few 9.53% were not sure if the level of education enhances performance. Therefore, level of education is one of the factors that influence the performance of the procurement function which should be taken into consideration by the public entities. These findings correspond with those by Borjas (2012) that the possibility of increase motivation and subsequent performance lies with having staff with superior level of education which is an aspect of staff competency.

The study sought to find out whether professional experience is relevant in enhancing performance as shown in table 4.6 63.49% of the respondents indicated that professional

experience is relevant while 36.51% responded that it is not relevant since procurement is changing globally and that there is need for people to change with the erratic change in supply chain. However, according to Boyd (2005) professional experience is paramount in enhancing the performance and competitiveness of an organization. Nelson (2003) goes further to indicate that procurement and supply skills differentiate an organization as the employees are knowledgeable, empowered and motivated to carry out their duties. Therefore, the inference shows that procurement and supply skills are a critical element in the enhancement of the procurement function performance. This is evident that procurement and supply knowledge enables the procurement function to integrate its strategy to the organizational strategy.

The study sought to find out the extent to which technical skills enhances the performance of the procurement function. Figure 4.6 below, depicts that 25.5% of the respondents indicated that technical skills enhances the performance of procurement function to a very great extent, 33.4% of the respondents indicated that technical skills enhances the performance of procurement function to a great extent, 18% of the respondents indicated that technical skills enhances the performance of procurement function to a moderate extent, 11.6% of the respondents indicated that technical skills enhances the performance of procurement function to a very low extent. While 11.5% of the respondents indicated that technical skills enhances the performance of procurement function to a low extent.

The findings of this study concurs with those of Faems and Sels (2005) who found that technical skills is an important element in getting things right first time in the quest towards Total Quality Management which ensures efficiency and effectiveness of the purchasing function. It can be inferred that the performance of the procurement function is characterized by purchasers getting things right first time for continuous improvement.

Stakeholders influence

The study sought to assess the impact of stakeholder influence on procurement function in enhancing performance in devolved government in Kenya. Specifically, the study focused on top management support, local involvement in acquiring supplies and political influence.

The study sought to find out the how choice of suppliers is governed within Machakos county. Findings show that respondents were divided on matters supplier appraisal. Majority 53.87% indicated that supplier appraisal was done by procurement department while 30.16% stated that it was done across department interestingly, 15.87% noted that other specifically politicians had a hand in deciding who will supply what in Machakos county.

The study sought to find out to what extent there is top management support (Mean score 2.43), local involvement in acquiring supplies (Mean score 2.26) and political influence (Mean score 3.44). The result shows that political influence affects the performance since according Tickner (2009) who found that autonomy in contract award motivates employees to perform exemplary well which increase the organizational performance as contracts will be performed as per the

terms and conditions. The study infers that political influence impacts the performance of procurement function performance in Kenya as depicted by the findings of the study and available literature.

Government policy

The study sought to examine the influence of government policy on procurement function in enhancing performance in devolved government in Kenya. Specifically, the study focused on periodical audits by PPOA, Adherence to practitioner's code of ethics and KISM membership.

This question sought to establish whether respondents understood the awareness of government policy. Results showed that 63.49% of the respondents acknowledged awareness of government policy however, 36.51% of the respondents are not aware of the government policy on procurement. The study findings relate to those of MOD (2006) who revealed that awareness of government policy is relevant so as to achieve effectiveness and efficiency. Therefore it can be inferred that service delivery is achieved most when there is awareness of government policy. Therefore the discussions reveal that there is a strong association between awareness of government policy and procurement function performance in Kenya. Findings indicated that 69.84% appreciate the government support in achieving implementation. However, 30.16% noted that there is no government support in implementation. It can be observed that government support was felt in achieving implementation.

These likert scale questions sought to rate respondents' attitude towards government policy on performance. Findings show that respondents agree that periodical audits by PPOA (Mean score 3.73), practitioners code of ethics (Mean score 3.85) and being a member of KISM (Mean score 4.18). These findings indicate that periodical audits are effective when it comes to implementing government policy since most of the time reports are never made public.

Regression Analysis

Regression analysis is a type of analysis used to show the relationship between the independent and dependent variable. This analysis yields a statistic called coefficient of determination R^2 that refers to the amount of variation explained by the independent variables. The results of the linear regression indicate that $R^2=.516$ and $R= .718$ meaning that 55.1% of the variation in performance is predicted by technology, staff competency, stakeholder influence and government policy in Kenya. This is an indication that there is a strong relationship between the dependent and independent variables.

The findings concur with those of Done, (2013) who proposes that the procurement function is significant in the achievement of competitive advantage only when the function's strategy is integrated with the competitive strategy. Lyson and Brewer,(2003) revealed that the procurement function is increasingly becoming a crucial success factor for a firm's long-term performance and subsequent sustainability.

Table 1: Regression Analysis Model Summary

Model	R	R square
1	0.718	0.5155

The study findings showed a great influence of all the four variables in enhancing performance in devolved system of government. The study found out that there was 51.55% of corresponding change in the performance of procurement functions for every change in all the four predictor variables jointly.

Table 2: Multi correlation Analysis Coefficients

Model		Unstandardized coefficient B	P Value
1	Constant	.516	
	Technology	.466	.037
	Staff competency	.563	.021
	Stakeholder influence	.351	.048
	Government policy	.342	.036

Dependent variable; Performance

Conclusions

The purpose of this study was to explore the role of procurement function in enhancing performance in devolved government in Kenya. Based on previous studies, the role of procurement function in enhancing performance was expected to have positive relation in Kenya. The output given from the findings indicate that there is a significant positive relationship between the Technology, Staff competency, Stakeholder influence and Government policy with Performance in devolved system of government. The findings also indicated that staff competency has been a major contributor towards the performance of procurement function in Kenya. This is in line with Borjas (2012) who found that staff competency appeared as the major contributor towards the performance of the procurement function in devolved government in Kenya. The results also revealed that the technology, stakeholder power and government policy have positive relationship with of procurement function in devolved government in Kenya.

Recommendations

The study is a justification of the fact that a procurement function with staff who have high competency, sufficient government policy, well linked by use of technology has a positive significant influence on the performance of the procurement function in devolved government in Kenya. Specifically, the study recommends:

1. The devolved governments should embark on active capacity building so as to achieve the required performance that will drive the devolved government forward in achieving its objective of service delivery.
2. Government policy should clearly be disseminated to all parties in the procurement function so as to ensure that the procurement process has been carried out transparently in order to prevent the massive loss of funds from the taxpayers' coffers.
3. Understanding of stakeholder power is paramount in fostering great working relationship, autonomy of contract award and conclusion of the procurement process as the function will be able to influence positively stakeholder and know how to manage the stakeholders appropriately through stakeholder mapping
4. Employees in the devolved government should possess technical skills which will enable them to make use of e-commerce technologies which will effectively lead to increased performance and achievement of county objectives.

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