

**DETERMINANTS OF PROCUREMENT REGULATORY COMPLIANCE BY KENYA
ELECTRICITY GENERATING COMPANY****Hillary Mugo**

Masters Student, Jomo Kenyatta University of Agriculture and Technology, Kenya

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ABSTRACT

Worldwide public procurement has been subjected to reforms, restructuring, rules and regulations. Although several developing countries have taken steps to reform their public procurement systems, the process is still shrouded by secrecy, inefficiency, corruption and undercutting. In all these cases, huge amounts of resources are wasted, data from Kenya Anticorruption commission show that Kengen lost more than 200 Billion for the last five years. Transparency International (TI) reveal that procurement scandals in Kenya are associated with lack of compliance. Kengen was ranked among top ten public sector associated with procurement scandals (TI, 2012). Data from World Bank show that Kengen lost 5 Billion relating to procurement scandal. The main objectives of this study however was to identify the determinants of procurement regulatory compliance by Kenya electricity generating company. Specifically the study sought to find the effect of staff competence, technology, organizational structure and governance policies in determining procurement regulatory compliance. The research design employed in the study was descriptive. The sampling technique was stratified random sampling. The study was carried out with a pilot study to pre-test and validate the questionnaire. The aim of the pilot study was to test the reliability of the questionnaires. This study used statistical package for social sciences, SPSS Version 21 to aid in data analysis. Regression analysis was used to establish the relationship between the variables. The study found out that information technology was the most significant variable in determining procurement regulatory compliance; IT has affected the performance of Kengen Company to a high extent and that technological use has increased efficiency on the procurement regulatory compliance. The study also concludes that organization structure determine procurement regulatory compliance by Kengen. The study recommends that the organization should have competent professional workforce equipped with skills and knowledge for specified procurement jobs and have improvised information technology in order to have sound procurement regulatory compliance.

Key Words: *procurement regulatory compliance, Kenya Electricity Generating Company*

Introduction

Worldwide, public procurement has become an issue of public attention and debate, and has been subjected to reforms, restructuring, rules and regulations. Public procurement refers to the acquisition of goods, services and works by a procuring entity using public funds (World Bank, 1995a). According to Roodhooft and Abbeele (2006), public bodies have always been big purchasers, dealing with huge budgets. Mahmood, (2010) also reiterated that public procurement represents 18.42% of the world GDP. Although several developing countries have taken steps to reform their public procurement systems, the process is still shrouded by secrecy, inefficiency, corruption and undercutting. In all these cases, huge amounts of resources are wasted, (Odhiambo & Kamau, 2003).

Many studies were carried out on procurement before the Public procurement and Disposal Regulations of 2006 to evaluate the efficiency of the procurement process in existence at the time, (Kipchilat, 2006). The major findings of the studies were that public procurement was not operating efficiently and that the state was losing a lot of money through shoddy deals.

These regulations became effective in Kenya on 1st January 2007 after the gazettment of the Public Procurement and Disposal Regulations Act 2005. The purpose of this Act is to establish procedures for procurement and the disposal of unserviceable, obsolete or surplus stores and equipment by public entities to achieve efficient management of public funds. The act contains eleven (11) parts. The Principal reason for the enactment of the Act was to have a legal regime that weeds out inefficiencies in the procurement process, remove patterns of abuse, and the failure of the public purchaser to obtain adequate value in return for the expenditure of public funds. However, these objectives have never been fully achieved in practice, (Wanyama, 2010). Wanyama notes further that key provisions of the Act and the Regulations are replete with textual weaknesses that have often been abused by procuring entities. The Regulations do not envisage contemporary market realities hence the need to continuously revise them to keep pace with these developments.

Locally in Kenya the Country Procurement Assessment Report of Kenya in 2003 revealed that in most state corporations, staffs responsible for procurement were not procurement-proficient, even though they have been trained. The report contended that, application of the PPDA and the Standard Tender and Contract Documents will not be successful without broad training and “refresher” programs and encouragement of officials in charge of procurement. In view of this, Public Procurement Oversight Authority (PPOA) initiated a training programme in 2007 throughout the country with the aim to build the capacity of personnel responsible for the management of procurement in various public institutions. This exercise unfortunately could not be sustained due to financial difficulties thereby leaving most Procurement Managers completely ignorant in the application of the law (PPOA, 2010).

Global perspective of procurement regulatory compliance

In developing countries, public procurement is increasingly recognized as essential in service delivery (Basheka & Bisangabasaija, 2010), and it accounts for a high proportion of total expenditure. For example, public procurement accounts for 60% in Kenya (Akech, 2005), 58%

in Angola, 40% in Malawi and 70% of Uganda's public spending (Wittig, 1999; Government of Uganda, 2006) as cited in Basheka & Bisangabasaija, 2010). This is very high when compared with a global average of 12-20 % (Frøystad et al; 2010).

Due to the colossal amount of money involved in government procurement and the fact that such money comes from the public, there is need for accountability and transparency, (Hui et al; 2011). Consequently, various countries both in developed and least developed countries have instituted procurement reforms involving laws and regulations. The major obstacle however, has been inadequate regulatory compliance. De Boer and Telgen (1998) confirm that non-compliance problem affects not only the third world countries but also countries in the European Union. This position is further supported by Gelderman et al (2006) who contend that compliance in public procurement is still a major issue. Hui et al (2011) while analyzing procurement issues in Malaysia established that procurement officers were blamed for malpractice and non-compliance to the procurement policies and procedures. Citing Yukl (1989), Gelderman et al;(2006) stipulate that compliance occurs when the target performs a requested action, but is apathetic about it, rather than enthusiastic, and puts in only a minimal or average effort. However, as an organizational outcome, compliance has traditionally been understood as conformity or obedience to regulations and legislation (Snell, 2004) cited in Lisa, (2010).

The issue of public procurement non-compliance has triggered a lot of debate in recent years (De Boer and Telgen, 1998; Gelderman et al; 2006; Zhang, 2008, Obanda, 2010; Eyaa and Oluka, 2011). Despite this, Karjalainen et al (2009) contend that very little research has so far been conducted on organizational misbehaviors and non-compliance in purchasing and supply management. This is surprising given that public procurement has been employed as a vital instrument for achieving economic, social and other objectives (Arrowsmith, 1998), and is regrettably an area vulnerable to mismanagement and corruption (OECD, 2007).

Several countries have, however, instituted reforms in their public procurement processes (Hunja, 2003). This is aimed at purging the public procurement sectors, encouraging competition, transparency, efficiency and ensuring accountability. These reforms have not come without difficulties (Hunja, 2003). The challenge include poor dissemination of the procurement law (Azeem, 2003), lack of proper training for the managers of the procurement process (Forgor, 2007). Besides, most of the studies on public procurement compliance have been conducted outside Kenya and mostly in the developed world. The notable exception is Obanda (2010) and Eyaa and Oluka (2011) but these studies did not incorporate variables such as staff training, ICT impact, level of awareness, and top management support which previous researchers have deemed significant to compliance (Lisa, 2010; Trepte, 2005; Sutinen and Kuperan 1999; Hui et al; 2011; Zubcic and Sims, 2011). Further to that, none of the aforementioned studies investigated the factors affecting public procurement law compliance. This has left a knowledge gap, which this study intends to fill by using theories such as institutional theory, principal agent theory, cognitive dissonance theory, legitimacy theory and socio-economic theory of compliance to develop propositions for the antecedents and consequences in a single framework to facilitate

further empirical studies on public procurement compliance in Kenya and other geographical settings.

Kenya's Perspective of procurement regulatory compliance

In Kenya, a wave of procurement reforms that begun in the year 2000, culminated into the enactment of the Public Procurement and Disposal of Public Assets (PPDA) Act 2005, and regulations 2006. Unfortunately, many central government ministries and agencies have since then not followed prescribed practices (Agaba & Shipman, 2007). The procurement audits carried out by PPOA have revealed that out of 322 contracts audited at the end of 2005, only 7 (2%) were assessed as compliant. Other successive audit checks reveal that compliance in public procurement in Kenya is still inadequate (PPOA compliance reports, 2009; PPOA Baseline survey report, 2010; PPOA Capacity Building Strategy Report, 2011-2014; World Bank Country Procurement Assessment Report, 2001). This is also supported by the African Peer Review Mechanism Country Review (APRM) Report (2009), which indicates that non – compliance with the regulations is very high in Kenya. Despite this evidently low public procurement compliance, not much focus has been placed on explaining non-compliance with public procurement regulations in Kenya (Eyaa & Oluka, 2011).

The public procurement system in Kenya has evolved to an orderly and legally regulated system governed by the Public Procurement and Disposal Act, 2005 (Kiburi, 2008). Prior to this, in Central Government it was governed by Treasury Circulars from 1969, then the Supplies Manual of 1978, before the promulgation of the Exchequer and Audit (Public Procurement) Regulations, 2001. All these were geared towards improving the public procurement system by enhancing accountability and transparency with the aim of achieving value for money, and attracting investments by creating a sound business climate. These reforms have ensured fairness and competition among suppliers of goods, works and services, thereby restoring the confidence of Kenyans in the public procurement process while at the same time ensuring that the Government gets the best value for its money (ROK, 2007).

It is imperative to note that the total value of Public Procurement in Central Government is currently estimated at 10% of the GDP. In 2008, Kenya's GDP was estimated at Kshs. 2,099.79 billion putting the total expenditure on procurement by the Government at around Kshs. 209.9 billion annually (KNBS, 2010). It can therefore be argued that even a 10% savings due to improvements in procurement practices and controls would mean a yearly gain to the exchequer of about Kshs. 21 billion. The gains expected to accrue from a streamlined procurement system will allow the Government to invest more resources in other needy areas such as health and education and improve the quality of life of the citizens of this country, a venture that has the potential of greatly improving productivity and service delivery by public entities.

It is in that premise that the current legal dispensation created the Public Procurement Oversight Authority (PPOA) to oversee public procurement system with its principal functions of ensuring that the public procurement law is complied with and capacity of the function among stakeholders is enhanced.

The Country Procurement Assessment Report of Kenya in 2003 revealed that in most state corporations, staffs responsible for procurement were not procurement-proficient, even though they have been trained. The report contended that, application of the PPDA and the Standard Tender and Contract Documents will not be successful without broad training and “refresher” programs and encouragement of officials in charge of procurement. In view of this, Public Procurement Oversight Authority (PPOA) initiated a training programme in 2007 throughout the country with the aim to build the capacity of personnel responsible for the management of procurement in various public institutions. This exercise unfortunately could not be sustained due to financial difficulties thereby leaving most Procurement Managers completely ignorant in the application of the law (PPOA, 2010).

Building the capacity of service providers has been identified as one of the success factors of public procurement reforms. Many bidders are limited in various capacity issues including: lack of basic knowledge in the law, inadequate capacity to appreciate the standard tender documents, poor access to tender information and insufficient technical and managerial skills to be competitive in the tendering process (ODPP, 2007).

Political interference with the procurement process is also a big challenge to the implementation process and public procurement reforms (PPOA, 2007). A good number of politicians think that they have the right to intervene in the procurement procedures thereby leading to a capricious procurement decisions (World Bank, 2004). The lack of career development path and low salaries of procurement personnel also militates against procurement reforms implementation (World Bank, 2003a). Poor records keeping (World Bank, 2003a), (ODPP, 2007) and bureaucratic delays in payment of contractors and suppliers have also been cited as some of the ways in which compliance has been a challenge (Azeem, 2007).

Kenya Electricity Generating Company (KenGen)

Kenya Electricity Generating Company or simply KenGen is a state-owned company, the largest power producing company in Kenya producing about 80% of the electricity consumed in the country. The other 29% is produced by independent power producers (IPPS). The country relies majorly on hydropower with about 69% of the current power coming from various hydropower plan. The major ones are major forks Kamburu, Kiambere, kindaruma, and Gitaru. Other two, Mutonga and the low grand falls, remain undeveloped. The other plants which spread across the country are Gogo, Mesco, Ndula, Sondumiviu, sagana, Turkwel, Wanjii and Sosiani hydropower plants. Increased industrialization has seen Kenya’s power demand hit 1,191 MW. The break demand is estimated to be at 2500MW in 2015 and 1500MW in 2030. This is at an estimated annual increase of 7%. The government has opened all opportunities to allow the private sector to particulate in the development of governmental energy in Kenya. Geothermal energy constitutes, approximately 17% of total power production with projects including the O lkaria i, ii, iii and iv. Other forms of power in Kenya are; thermal power – kileru i, ii, iii and the Nairobi South Gas turbine, solar energy. Wind power, Nuclear power and exploitation. (Kashorda, Majiwa, Mambo, Patel, Davis, Obam, Ishangi, & Mugo, 2012).

KenGen's experience and planning is that one year is allowed to undertake the initial logistical requirements. These include opening the area up by construction of roads, establish water supply system from surface sources or drilling of borehole and the related pipeline, pumping system and power sources. The period allows acquisition of land access rights and the compensation processes. Construction and installation of the required drilling storage facilities and security systems e.g. fencing, storehouse or containerized storage. Within the same period, initiate procurement of overseas materials and contracts for provision of local materials is undertaken.

Statement of the Problem

Data from Kenya Anticorruption commission (KACC) show that Kengen lost more than 200 Billion for the last five years (KACC, 2012) Transparency International (TI) reveal that procurement scandals in Kenya are associated with lack of compliance (TI, 2013).

Kenya was ranked worst in procurement scandals in East Africa (World Bank, 2011). Kengen was ranked among top ten public sector associated with procurement scandals (TI, 2012). Data from World Bank show that Kengen lost 5 Billion relating to procurement scandal (WB, 2012).

According to the Nairobi Law Monthly (NLM) (2012), there were serious irregularities surrounding the award of a multi-million dollar contract by Kengen to Green Energy Group AS of Norway, which was awarded the contract 18 months after being registered, suggesting that it may have been formed and designed for the sole purpose of channeling such dubious contracts. The company was initially awarded a contract to supply one wellhead in Olkaria in December 2009. The contract was shortly after varied to enable the company supply and install 14 additional wellheads at KES 8.5 billion. The first issue raised by NLM arose from the fact that though the initial wellhead turned out to be defective, Kengen went ahead and awarded the company a bigger contract to supply and install more.

In a separate issue, the NLM, further alleged serious breaches of the law and other irregularities in the award of a contract for drilling wells to Great Wall Drilling Company of China between 2007 and 2008. The initial award to the company was for the drilling of 6 wells. However, without competitive bidding, the company was given a further 15 wells to drill at an increased cost of 11.2 per cent of the initial contract. This was a blatant violation of the Public Procurement and Disposal Act (PPDA), which prohibit any entity from changing the substance of a tender once it has been awarded. The information provided revealed that a study should be carried out to explain determinants of compliance by Kengen.

Locally, studies which have been done includes, Akech (2005) An Assessment of Existing Policies and Legislation Concerning Procurement regulatory compliance in kengen, talks about the extent to which the application of the procurement regulatory by public entities is constrained by their knowledge of the various provisions of the PPDA and in some cases, their financial ability. According to Kamau (2007), a research on the causes of poor performance in procurement functions focusing on public entities in the manufacturing industry found out that inadequate skill and professionalism was a major factor affecting efficiency and effectiveness of procurement activities. However, there is limited research carried out on public procurement

regulatory compliance within the energy sector. This study therefore sought to bridge this knowledge gap by studying the determinant of procurement regulatory compliance by KenGen.

General Objective

The general objective of this study was to determine procurement regulatory compliance in KenGen.

Specific Objectives

1. To determine the effect of staff competences in determining procurement regulatory compliance in KenGen
2. To assess the influence of technology on the determining procurement regulatory compliance in KenGen
3. To establish the effect of the organizational structure on procurement regulatory compliance in KenGen
4. To assess the effect of governance policies in determining procurement regulatory compliance in KenGen

Theoretical Review

The theoretical framework of a research relates to the philosophical basis on which the research takes place, and forms the link between the theoretical aspects and practical components of the investigation undertaken. The theoretical framework has implication on every decision made in the research process.

Theory of resources and capacities

As from the theory of resources and capacities it is habitual to consider that those resources are in internal and external determinants of the enterprises. The entrepreneur, by means of the strategy combines these determinants establishing his distinctive competencies.

Brown's (1997) interpretation of multiple resources theory was that timing involves verbal resources at the perceptual/central stages, whereas search and tracking are 9 spatial tasks. This argument, though, still fails to explain the asymmetry. If anything, there should be minimal interference, as the tasks draw on separate resource pools. In the event of an interference effect, it should affect both tasks in a similar manner, rather than affecting one task while leaving the other untouched. On the other hand, working memory, with its central executive, can offer an explanation.

The central executive controls attention and coordination functions, such as allocating attention between dual tasks. Mental arithmetic and timing both draw on the central executive, which is why bidirectional interference occurs between these two tasks. Simple visual search or tracking tasks, on the other hand, only use the visuospatial Sketchpad. This theory links the first research question: What is the effect of staff competences in determining procurement regulatory compliance in KenGen?

System theory

Systems theory is an interdisciplinary theory about every system in nature, in society and in many scientific domains as well as a framework with which we can investigate phenomena from a holistic approach (Capra, 1997). Systems thinking come from the shift in attention from the part to the whole (Checkland, 1997; Weinberg, 2001; Jackson, 2003), considering the observed reality as an integrated and interacting unicum of phenomena where the individual properties of the single parts become indistinct. In contrast, the relationships between the parts themselves and the events they produce through their interaction become much more important, with the result that “system elements are rationally connected” (Luhmann, 1990) towards a shared purpose (Golinelli, 2009).

The systemic perspective argues that we are not able to fully comprehend a phenomenon simply by breaking it up into elementary parts and then reforming it; we instead need to apply a global vision to underline its functioning. Although we can start from the analysis of the elementary components of a phenomenon, in order to fully comprehend the phenomenon in its entirety we have to observe it also from a higher level: a holistic perspective (von Bertalanffy, 1968). Systems theory encompasses a wide field of research with different conceptualizations and areas of focus (e.g. Boulding, 1956; Maturana and Varela, 1975; Senge, 1990). Specifically, within management and marketing, a number of authors and scholars have adopted – implicitly or explicitly – a vision of organizations as systems with the aim of analyzing the relationship between organizations and their environment (e.g. Burns and Stalker, 1961; Lawrence and Lorsch, 1967; Aldrich, 1979) This theory led to the second research question: What is the influence of technology on the determining procurement regulatory compliance in KenGen?

Institutional theory

The institutional theory is the traditional approach that is used to examine elements of public procurement (Obanda,2010). Scott (2004) identifies three pillars of institutions as regulatory, normative and cultural cognitive. The regulatory pillar emphasizes the use of rules, laws and sanctions as enforcement mechanism, with expedience as basis for compliance. According to Scott (2004), institutions are composed of cultural-cognitive and regulative elements that, together with associated activities and resources give meaning to life. The normative pillar refers to norms (how things should be done) and values (the preferred or desirable), social obligation being the basis of compliance. The cultural-cognitive pillar rests on shared understanding (common beliefs, symbols, shared understanding). In Kenya, public procurement is guided by the PPDA Act 2005, regulations and guidelines which are from time to time issued by the Public Procurement Oversight Authority only and which must complied with to the latter by all the public entities and providers. Public procurement regulations (2006) and guidelines directing procurement activities. From the three pillars of institutions propounded by Scott 2004, organizational culture, social influence, organizational incentives and enforcement are identified as antecedents of compliance to procurement rules. Hence this theory instigates the third research question: How do the organization structure determine of procurement regulatory compliance in KenGen?

Agency Theory

This was put forward by Jensen and Meckling (1976). They proposed that when a firm issues outside equity, it creates agency costs of equity that reduce the value corporate assets. Jensen's free cash flow theory alleges that if management is not closely monitored they will invest in capital projects and acquisitions that do not provide sufficient expected returns.

Jensen and Meckling (1976) continue to argue that debt financing can help overcome the agency costs of external equity. The effect of employing external debt rather than equity financing is that it reduces the scope for managerial perquisite consumption, which can have an adverse effect on the value of the firm. With debt Outstanding, the most of excessive perks consumption will result in managers losing control of the company due to default and bondholders seizure of the company assets.

Thus external debt serves as a bonding mechanism for managers to convey their good intentions to outside shareholders. Because taking on debt validates that managers are willing to risk losing control of their firm if they fail to perform effectively, shareholders are willing to pay a higher price for the levered firms. The use of debt to control the agency of external equity can be accomplished in two ways: Debt forces managers to be monitored by the public capital. If investor have negative view of managements competence, they will charge high interest rate on the money they lend to the firm or they will insist on restrictive bond covenants to constrain management's freedom or both. Outstanding debt limits management's ability to reduce firm value through incompetence or perquisite consumption, (Jensen, 1986).

The discipline that debt provides has been further explored by Jensen (1989) and Ofek (1993). They argue that high leverage can provide benefits in the dynamic sense that companies with high leverage ratios may respond more quickly to the development of adverse performance than companies with low debt to equity ratios. Ofek (1993) argues that: A choice of high leverage during normal operations appears to induce a firm to respond operationally and financially to adversity after a short period of poor performance, helping to avoid lengthy periods of losses with no response. The existence of debt in capital structure may thus help to preserve the firm's going concern value. The above however, are still considered to be insufficient to outweigh the agency cost of debt. The cost entail writing detailed covenants into bond contracts which sharply constrain the ability of the borrowing firm's managers to engage in expropriate behavior. The agency cost reduces the benefits of the debt interest tax shield. However an optimal (value maximizing) debt to equity ratio is reached at the point where the agency cost of debt equals agency cost of equity. The above theory instigated the fourth research question: To what extent does governance policies determine procurement regulatory compliance in KenGen?

Conceptual Framework

Conceptual framework is a concise description of the phenomenon under study accompanied by a graphical or visual depiction of the major variables of the study (Mugenda, (2008). According to Young (2009), conceptual framework is a diagrammatical representation that shows the relationship between dependent variable and independent variables. In the study, the conceptual framework will look at the determinants of procurement regulatory compliance by kengen.

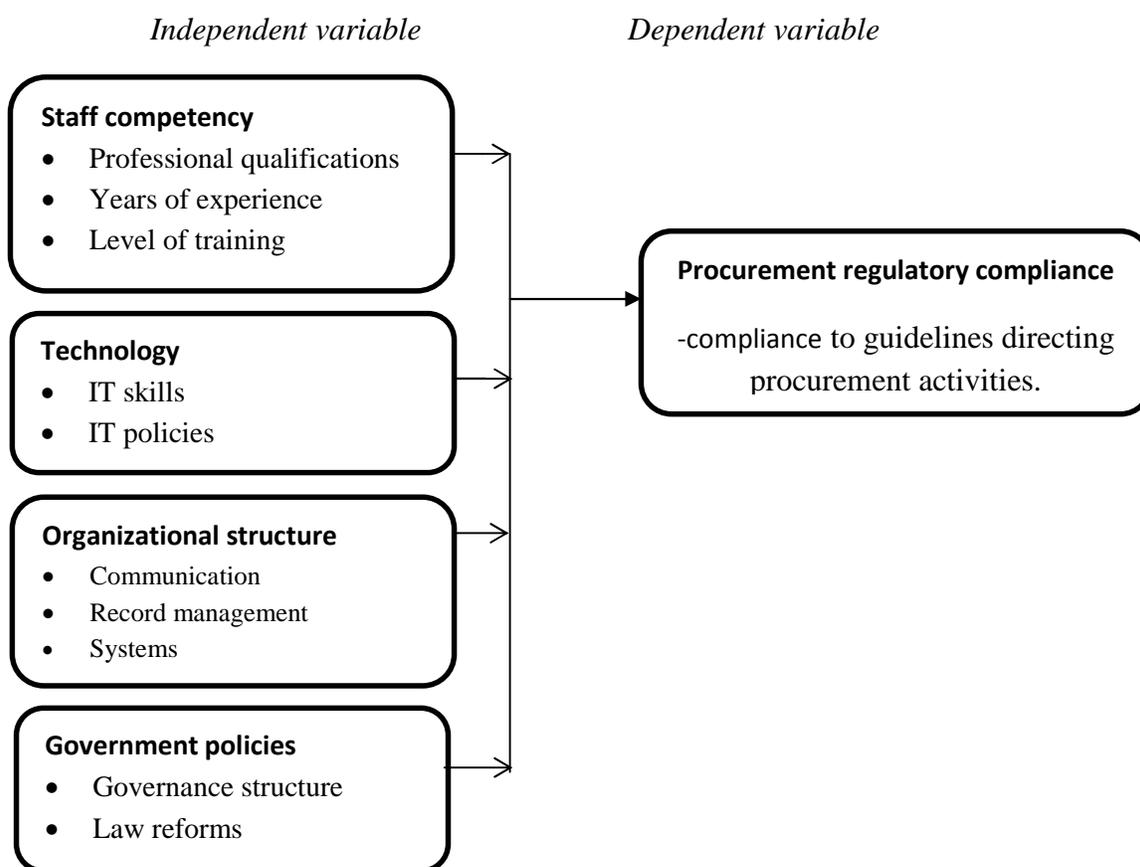


Figure 2.1 Conceptual framework

Empirical Review

Staff Competency

The competency movement was originally initiated by McClelland(1973) as an alternative to the trait and intelligence approaches in measuring and predicting human performance. Spencer and Spencer(1994) defined competency as internal characteristics of an individual that produced effective and superior performance. Sparrow(1996) divided into three categories as organizational competency, managerial competency and individual competency. He defined individual competency as a list of behavioral characteristics related to job tasks. Schippment, Ash, Carr & Hesketh (2000) defined competency as adequate knowledge to successfully complete job tasks. Arthey & Orth (1999) defines it as asset of observable performance dimensions, including individual knowledge, skills, attitudes, and behaviors, as well as collective team, process, and organizational capabilities, which are linked to high performance, and provide the organization with sustainable competitive advantage.

Competence refers to a person’s underlying characteristics that are causally related to job performance (Boyatzis, 1982). Landy (1985), on the other hand defined in the context of particular Knowledge, traits, skills, and abilities. Knowledge involves understanding facts and

procedures. Traits are personality characteristics (e.g., self-control, self-confidence) that predispose a person to be have or respond in a certain way. Skill is the capacity to perform specific actions: a person's skill is a function of both knowledge and the particular strategies used to apply knowledge. Abilities are the attributes that a person has inherited or acquired through previous experience and brings to a new task . They are more fundamental and stable than knowledge and skills (Fleishman & Bartlett,1969).

Competence acquisition by recruitment and through external contacts with customers brings new competencies into the organisation. Competencies are also developed within the organization through formal educational courses and training programs but also in the daily work. (Kim, 1993). Acquisition and development of competencies supply the organisation with new competencies. However, when employees leave the company to find a new position or to retire it is essential to preserve existing competencies of the company. According to Kim (1993) it is easier to rebuild an organization when it has lost all its physical records and systems than if it has lost all its employees.

A sound procurement regulatory compliance has to have a competent professional workforce equipped with skills and knowledge for specified procurement jobs (OECD-DAC, 2006). The procurement workforce permeates virtually every effort within an agency, including successfully acquiring goods and services and executing and monitoring contracts. The emphasis that employees must have the technical know how to perform the tasks required was stressed also by Berman E (2008).

Technology

The technology infrastructure refers to the combination of hardware such as computers system with the organization. These networks used to link this software or hardware and software used to deliver the works within an organization and also to its partners and customers were reviewed. To the selection of the software components of information are systematic. In this chapter we turn our effect to the hardware and men work components. Understanding the jargon of technology involved in the selection of information and communication technology is major challenge for non-literate office staff and business managers

According to Terry (2007) says technology simplifies and reduces task needing manual skill and strengths especially in factories and either forms of production property applied can increases productivity. The use of re programable robots for such tasks as welding spraying material handling and other helps to eliminate dirty or harassers and repetitive work robots and computer aided manufacturing (CAM) as well as reducing costs improving quality and the consistency of finished quality and the consistency of finished products. The unused technology requirements enhance problem solving skills and the ability to interpret, and is thus likely to lead to widening guilt between skilled and non-skilled workers.

James (1995) says changing an organization technology involves alerting its equipment engineering process research technique or production method this approach goes back to scientific management theory of Fredric Taylor. For reasons technological structural or social technical approach attempted to approve performance by simultaneously changing aspect of an

organization structure and technology. Job enrichment is an example of tech nonstructural approach to change.

Organizational structure

According to Jobber (1996), an organization structure is the total sum of ways in which an organization divides its levels into distinct tasks and then achieves co-ordination between them. The structure is the basic framework within which the executives' decision making behavior occurs. The quality and nature of decisions made are influenced by the quality of communication in the organization. The grouping of various organizations' departments and the provision of authority should be planned so that conflicts do not occur. A structure helps in the division of work, departmentalization and shows linkage of different records and activities. Management should be interested in employee's personal lives because it creates a bond and with it trust which brings organizational benefits. Management needs to know how employees understand their roles and how they relate to them.

The effectiveness of organizational structure can be analyzed through the five mechanisms of coordination. He states that there must be mutual adjustments that achieve the coordination of work by the simple process of informal communication. There must be direct supervision where coordination is achieved by having one individual taking responsibility for the work of others. Standardization of work process, where coordination is built in to the various work activities by specifications set procedures, programs basically scientific management ideas. There should be Standardization of work outputs, coordination is achieved by means of output targets and specifications like in management by objectives and the standardization of work skills where coordination is achieved by training staff in specific knowledge and skills.

Government policies

The procurement regulatory compliance which is public procurement and disposal act which is mainly used to govern all the public procurement and disposal process in the public sector was made through the act of parliament to establish procedures for efficient public procurement and for the disposal of unserviceable, obsolete or surplus stores, assets and equipment by public entities and to provide for other related matters. According to the Kenya Gazette Supplement (2005) (PPDA) the purpose of this act is to establish procedures for procurement and the disposal of unserviceable, obsolete or surplus stores and equipment by public entities to achieve the following objectives: to maximize economy and efficiency; to promote competition and ensure that competitions are treated fairly; to promote the integrity and fairness of those procedures; to increase transparency and accountability in those procedures; to increase public confidence in those procedures and to facilitate the promotion of local industry and economic development.

According to Bogason (2000), the public procurement law if implemented properly it can highly improve the procurement and disposal process in the organizations. PPOA (2008) further states that one of the significant institutional developments of the new public procurement law is the establishment of the public procurement oversight authority whose main functions includes: ensuring that the legal framework is complied with; monitoring the performance of the public procurement system and reporting to the Minister of Finance; to assist in the implementation of

an efficient and effective public procurement system; initiating public procurement policies and proposing amendment to the Act where appropriate and Ensuring professionalism of the procurement function.

It is therefore crucial to strengthen institutions in order to attain high levels of performance. Procurement and disposal processes in the public sector need a body that is not only focused but committed in attaining of the set up goals and objectives (Hilletofth, 2009). According to PPOA (2008) the authority has been dubbed as a very strategic institution not because it is the first institution of its kind in Kenya but also due to the fact that it is expected to play a substantial role in overhauling the public procurement process. It is important that the authority is strengthened and given more mandate to instill discipline and enhance professionalism in the public sector.

The regulations provides for the proper procedures to be followed when carrying out disposal process in the public organizations. Even after the disposal authority has been given the subsequent procedures must be followed by the officers in the procurement process. The officers involved must not just fix prices on the items to be disposed but should according to Kinyua (2001) prior to convening the Board of survey request the relevant technical division of the organization to subject the items to technical evaluation and submit to him written reports on all the aspects of the items, including conditions and saleable value where appropriate. The Public Procurement and Disposal Act, 2005 has provided appropriate regulations that if implemented properly can really streamline the public procurement process in the public sector.

Critique of the Existing Literature

Procurement policy is simply the rules and regulations that are set in place to govern the process of acquiring goods and services needed by an organization to function efficiently. However the author has failed to indicate to us how procurement polices determine procurement regulatory compliance and therefore the study was conducted to fill in the gaps left.

According to Ben (2002) organizations adapting systematic approach to staff competency will usually be about defining their need for competency. In accordance with a well-organized procedure. Whereas this is true the author has failed to indicate to us how staff competency contributes to the procurement regulatory compliance therefore the study was conducted to fill in the gaps left.

James (1995) says changing an organization technology involves alerting its equipment engineering process research technique or production method this approach goes back to scientific management theory of Fredric Taylor production technology often has a major effect on organizational structure, but the author has not indicated to use how technology is a determinant of procurement regulatory and therefore the study was conducted to fill in the gaps left.

According to Ngavi (2003) the organization structure must be reviewed and strengthen to ensure that greater flow of communication to reach those for whom it is intended. However, it's true that the author has failed to show to us how organization structure determines procurement regulatory and therefore the study was conducted to fill in the gaps left.

Research Methodology

Research Design

Research design refers to the method used to carry out a research. This research problem was studied through the use of a descriptive research design. According to Cooper and Schindler (2003), a descriptive study is concerned with finding out the what, where and how of a phenomenon. Descriptive research design was chosen because it enabled the researcher to generalise the findings to a larger population.

A survey of the procurement staff within KenGen was carried out to establish their opinions about the set independent variables. A description of observed phenomenon, and interview responses was carried out. The main focus of this study was quantitative. However, some qualitative approaches was used in order to gain a better understanding and possibly enable a better and more insightful interpretation of the results from the quantitative study. (Cooper & Schindler, 2003)

Target Population

Target population in statistics is the specific population about which information is desired. According to Ngechu (2004), a population is a well defined or set of people, services, elements, events, group of things or households that are being investigated. This definition ensures that population of interest is homogeneous. Population studies are more representative because everyone has equal chance to be included in the final sample that is drawn according to Mugenda and Mugenda (1999). In order to carry out the study, a sample frame of (potential) respondents was selected, who are all personally involved in the procurement goods and services in KenGen, for which the Public Procurement and Disposal Act 2005 apply. For that purpose, a questionnaire was administered to the procurement professionals of KenGen, who are all well-informed about the issues at hand. The survey procedure included a pilot study aimed at enhancing the reliability and validity of the questionnaire by use of Chronbach's Alpha. The final questionnaire was administered to 45 procurement professionals of KenGen.

The study therefore focused on the procurement section and particularly on the top, middle and lower level management staff who were directly dealing with the day to day procurement activities at KenGen. Mugenda and Mugenda (1999) explains that the target population should have some observable characteristics, to which the researcher intends to generalize the results of the study.

Sampling Procedure

Cooper and Schindler (2011) assert that a sample is a subset of a population. According to Kothari (2005) and Mugenda (2008) in a descriptive survey a sample enables a researcher to gain information about a population. The study used a random stratified sampling to select sample population. The study had a sample population 10% from each category thus a total of 45 respondents who formed sample size. Orodho (2003) states that stratified sampling is applicable if a population from which a sample is to be drawn does not constitute an homogeneous group. The selection will be as follows:

Data Collection method

The study utilised both primary and secondary data. Primary data was gathered through questionnaires, while secondary data was obtained from published documents or materials such as journals, periodicals, magazines and reports obtained from the company and government reports. These supplemented the primary data received from questionnaires.

With respect to procurement, this study utilized questionnaires to collect primary data as used in various previous research projects (Lumpkin and Dess, 2001). A questionnaire is a research instrument consisting of a series of questions and other prompts for the purpose of gathering information from respondents. The study considered questionnaires for they have advantages over other types of research instruments in that they are cheap, do not require as much effort from the questioner as verbal or telephone surveys, and often have standardized answers that make it simple to compile data.

This study collected quantitative data using a self-administered questionnaire. Nevertheless, where it proves difficult for the respondents to complete the questionnaires immediately, the questionnaire was left with the respondents and picked later. Before the questionnaires were finally administered to participants, a pilot study was carried out to ensure that the questions are relevant, clearly understandable and make sense. The pilot study aimed at determining the reliability of the questionnaire including the wording, structure and sequence of the questions (Cooper &Schindler, 2003).

A cover letter from JKUAT was taken along to enable the administering of the questionnaire. The respondents were assured of confidentiality of their names and responses and that the responses was not to be handled by any other person but rather to be used purely for academic purposes. Each questionnaire was coded and only the researcher knew which person responded. The coding technique was only used for the purpose of matching returned, completed questionnaires with those delivered to the respondents.

Data Analysis

Before processing the responses, the completed questionnaires was edited for completeness and consistency. The data was then coded to enable the responses to be grouped into various categories. Data collected was expected to be purely quantitative and it was analyzed by descriptive analysis such as measure of central tendency and measure of dispersion. The descriptive statistical tools helped in describing the data and determining the extent used. Data analysis was done via SPSS Version 21 and Microsoft Excel to generate quantitative reports through tabulations, percentages, and measures of central tendency.

Tables were used to present responses and facilitate comparison. Cooper and Schindler (2003) notes that the use of percentages is important for two reasons; first they simplify data by reducing all the numbers to range between 0 and 100. Second, they translate the data into standard form with a base of 100 for relative comparisons. This enabled the generation of quantitative reports through tabulations, percentages, and measure of central tendency. This study used SPSS Version 21 software package to aid in data analysis. Regression analysis was used to determine the relationship between the variables and to find out whether independent

variables predict a given movement in the dependent variable. The Chi-square test (χ^2), a non-parametric test, was used to test the goodness of fit, test the significance of association between two attributes, and test the homogeneity or the significance of population variance (Kothari, 1984; Mugenda&Mugenda, 1999). The analysis was at 0.05 level of significance.

Data Analysis and Interpretation

Reliability and Validity

It is a measure of reliability that provides us with an estimate of the proportion of variability in examinees' obtained scores that is due to true differences among examinees on the attribute(s) measured by the test. When a test is reliable, it provides dependable, consistent results and, for this reason, the term consistency is often given as a synonym for reliability (e.g., Anastasi, 1988).

Consistency = Reliability.

Reliability does not, however, imply validity because while a scale may be measuring something consistently, it may not necessarily be what it is supposed to be measuring. The study used the most common internal consistency measure known as Cronbach's alpha (α). It indicates the extent to which a set of test items can be treated as measuring a single latent variable (Cronbach, 1951). The recommended value of 0.9 was used as a cut-off of reliabilities. Most item total correlations were reasonably high, the construct validity of the instruments was considered reasonable.

Demographic Information

The findings shows that, 56% of the respondents were male while 44% of the respondents were female. The findings implies that majority of the employees in KenGen were male. Findings on the age of the respondents, shows that 31.2% of the respondents were aged between 36-45 years, 26.7% between 18-25 years and 26-35 years respectively while 15.5% of the respondents were aged above 46 years. Acker (2006) observed that gender equality was a very important as a trait as it can be used to improve performance of all the staff involved. He argued that it fosters teamwork and also creates a sense of unity and an aspect of working together for a common goal with every individual effort whether male or female being important to the attainment of the overall objectives. A gender sensitive firm provides a conducive working environment where a staff/manager is supposed to interact with other colleagues of the opposite gender in pursuit of excellence and achievement of set targets. The study sought to find out the level of education of the respondents. From the findings 31.1% of the respondents had undergraduate degree and certificate/diploma while 22.2% of the respondents had o' level education. The findings of the study concurs with Ngulube and Tafor (2006) who observed that each state corporation has its own management organization structure with a matching head count budget to support the business and the persons assigned various duties should possess requisite professional and academic qualifications.

The study sought to find out years of service/working period of the respondents. From the findings 31.1% of the respondents had a working period between 6-10 years and over 10 years respectively, 26.7% had a working period of between 1-5 years while 11.1% of the respondents had a working period of less than 1 year. In a study on the relationship between procurement activities and human capital, Maria, (2011) found that procurement activities depends highly on the skills of the human resource handling them. She indicated that the skills can be acquired through experience.

Study variables

Information technology

The study sought on findings of organization embracement of the use of information technology as a determinant of procurement regulatory compliance, 62% of the respondents indicated that organization embrace the use of information technology as a determinant of procurement regulatory compliance while 38% indicated that organization do not embrace the use of information technology as a determinant of procurement regulatory compliance.

The findings relates with literature review by James (1995) who says that changing an organization technology involves alerting its equipment engineering process research technique or production method this approach goes back to scientific management theory of Fredric Taylor. For reasons technological structural or social technical approach attempted to approve performance by simultaneously changing aspect of an organization structure and technology.

The study sought to find out extent to which information technology determine procurement regulatory compliance. From the findings, respondents agreed to a great extent that IT policies determine procurement regulatory compliance as indicated by a mean of 3.82 while they agreed to a moderate extent that IT skills determine procurement regulatory compliance as indicated by a mean of 3.36. According to Terry (2007) says technology simplifies and reduces task needing manual skill and strengths especially in factories and either forms of production property applied can increases productivity.

The study sought to find out How IT has affected the performance of Kengen Company From the findings 44.4% of the respondents indicated that IT has affected the performance of Kengen company to a high extent,37.8% indicated that IT has affected the performance of Kengen company to an average extent while 17.8% of the respondents indicated the IT has affected the performance of Kengen company to a low extent. Karplus (2007) in a study on innovation in China's procurement department revealed that technology was a major factor affecting procurement management in China's public sector. They recommended that high level of technology be adopted in order to increase throughput or service delivery with higher level of accuracy and reliability in a diligent manner, improve service quality or increased predictability of service quality and improve robustness (consistency) of the service provision.

The study sought to find out the effects of technological use on the procurement regulatory compliance. From the findings 51% of the respondents indicated that of technological use has increased efficiency on the procurement regulatory compliance, 35.6% of the respondents indicated that of technological use has reduced efficiency on the procurement regulatory compliance while 13.3% of the respondents indicated that of technological use has no change on efficiency on the procurement regulatory compliance. The findings of the study was further in agreement with Frohlich and Westbrook (2002) who observed that IT investments have clearly played a leading role in growth of firms who have invested substantial resources in new types of IT enabling them to improve efficiency in and coordination of procurement operations,

The study sought to establish the extent to which information Technology affects procurement compliance 42.2% of the respondents indicated that information Technology affect procurement compliance to a moderate extent, 28.9% of the respondents indicated that information Technology affect procurement compliance to a great extent, 15.6% indicated to a very great extent while 13.3% of the respondents indicated that information Technology affect procurement compliance to a little extent. The findings of the study concur with Xin (2009) who suggested that the type of information Technology impacts on procurement compliance and therefore firms in the public sector should strive to adopt modern information Technology in order to boost its competitive advantage.

Government policies

From the findings 42.2% of the respondents indicated that to a moderate extent Government Policies determine procurement regulatory compliance, 22.2% indicated to a very great extent, 20.0% indicated to a great extent while 15.6% of the respondents indicated that to a little extent Government Policies determine procurement regulatory compliance. The findings relates with the literature review that the procurement regulatory compliance which is public procurement and disposal act which is mainly used to govern all the public procurement and disposal process in the public sector was made through the act of parliament to establish procedures for efficient public procurement and for the disposal of unserviceable, obsolete or surplus stores, assets and equipment by public entities and to provide for other related matters in this case Kengen.

The research sought to find out the extent to which determinants on Government Policies influence compliance of procurement. From the findings, respondents agreed that to a great extent law reforms and governance structure influence compliance of procurement as indicated by a mean of 3.97 and 3.89 respectively. In relation to literature review the authority has been dubbed as a very strategic institution not because it is the first institution of its kind in Kenya but also due to the fact that it is expected to play a substantial role in overhauling the public procurement process (PPOA 2008).

Organizational structure

The study sought to find out whether organizational structure determine the procurement compliance 62% of the respondents indicated that organizational structure determine the procurement compliance while 38% of the respondents indicated that organizational structure does not determine the procurement compliance. According to Jobber (1996), the structure is the basic framework within which the executives' decision making behavior occurs. The quality and nature of decisions made are influenced by the quality of communication in the organization.

The findings shows that 62% of the respondents indicated that contribution of organizational structures in determining procurement regulatory compliance is to a very great extent while 38% of the respondents indicated that contribution of organizational structures in determining procurement regulatory compliance is to a great extent. From the literature review, a structure helps in the division of work, departmentalization and shows linkage of different records and activities. Management should be interested in employee's personal lives because it creates a bond and with it trust which brings organizational benefits. Management needs to know how employees understand their roles and how they relate to them (Jobber 1996).

The study sought to find out the extent to which organizational structure determine procurement regulatory compliance 40% of the respondents indicated that to a moderate extent organizational structure determine procurement regulatory compliance, 35.6% indicated to a great extent, 13.3% indicated to a very great extent, 8.9% indicated to a little extent while 2.2% of the respondents indicated that to no extent organizational structure determine procurement regulatory compliance. According to Cole (1996) an organization structure is the total sum of ways in which an organization divides its levels into distinct tasks and then achieves co-ordination between them.

Staff competency

The study sought to find out whether Kenya Electricity Generating Company staffs attained professional qualification. From the findings, 62% of the respondent indicated that staffs attained professional qualification while 38% indicated that staffs had not attained professional qualification. The findings relates with literature review that the procurement workforce permeates virtually every effort within an agency, including successfully acquiring goods and services and executing and monitoring contracts. The emphasis that employees must have the technical knowhow to perform the tasks required was stressed also by Berman E (2008).

The findings whether organization undertake regular training for procurement department staff to enable the update their skills and knowledge 69% of the respondents indicated that organization undertake regular training for procurement department staff to enable the update their skills and knowledge while 31% organization undertake do not regular training for procurement department staff to enable the update their skills and knowledge. Tas (2008) recognized frequent career specialty training provides employees with the opportunity to enhance knowledge, skills, and abilities necessary to perform jobs beyond the minimum level and that it also allows

employees the opportunity to explore new areas of interest and specialization that will enhance abilities and skills in other specialized jobs.

Findings show that 58% of the respondents indicated that procurement staffs are conversant with Public Procurement and Disposal Act, 2005 and its regulations of 2006 and 2009 and other ethical standards while 42% of the respondents indicated that procurement staffs are not conversant with Public Procurement and Disposal Act, 2005 and its regulations of 2006 and 2009 and other ethical standards.

From the findings, 44% of the respondents indicated that to a moderate extent Public Procurement and Disposal Act, 2005 has increased efficiency in procurement activities in organizations, 36% indicated to a high extent while 20% of the respondents indicated that Public Procurement and Disposal Act, 2005 has no change on efficiency in procurement activities in organizations. The findings are in line with literature review that the public procurement law if implemented properly can highly improve the procurement and disposal process in the organizations. PPOA (2008) states that one of the significant institutional developments of the new public procurement law is the establishment of the public procurement oversight authority whose main functions includes: ensuring that the legal framework is complied with; monitoring the performance of the public procurement system and reporting to the Minister of Finance; to assist in the implementation of an efficient and effective public procurement system; initiating public procurement policies and proposing amendment to the Act where appropriate and Ensuring professionalism of the procurement function. (Bogason ,2000),

The study sought to find out extent to which staff competency in the Kenya Electricity Generating Company determine procurement regulatory compliance. From the findings 44.4% of the respondents indicated that to a very great extent staff competency in the Kenya Electricity Generating Company determine procurement regulatory compliance, 24.4% indicated to a great extent, 17.8% indicated to a moderate extent, 8.9% indicated to a little extent while 4.4% of the respondents indicated that to no extent staff competency in the Kenya Electricity Generating Company determine procurement regulatory compliance. The findings collates with literature review that sound procurement regulatory compliance has to have a competent professional workforce equipped with skills and knowledge for specified procurement jobs (OECD-DAC, 2006).

Regression analysis

The researcher conducted a multiple regression analysis so as to determine procurement regulatory compliance in KenGen. The researcher applied the statistical package SPSS, to enter and compute the measurements of the multiple regressions for the study as presented below.

The Chi-square test (χ^2), a non-parametric test, was used to test the goodness of fit, test the significance of association between two attributes, and test the homogeneity or the significance of population variance (Kothari, 1984; Mugenda&Mugenda, 1999)

Table 1: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.347 ^a	.785	.799	.49423

- a. Predictors: (Constant), Government policy, Information technology, Organization structure and Staff competence.
- b. Procurement regulatory compliance

Coefficient of determination explains the extent to which changes in the dependent variable can be explained by the change in the independent variables or the percentage of variation in the dependent variable (Procurement regulatory compliance) that is explained by all the 4 independent variables (Government policy, Information technology, Organization structure and Staff competence.). The four independent variables that were studied, explain 79.9% of variance to determine procurement regulatory compliance in KenGen as represented by the R^2 . This therefore means that other factors not studied in this research contribute 20.1% (1-0.799) of variance in the dependent variable. Therefore, further research should be conducted to determine procurement regulatory compliance in KenGen.

Table 2: ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	1.340	5	.335	20.72	.002 ^b
Residual	9.771	40	.244		
Total	11.111	45			

- a. Predictors: (Constant), Government policy, Information technology, Organization structure and staff competence.

Table 3 show that information technology with $p(\text{value} = 0.001)$ was most significant variable in determining regulatory compliance followed by organization structure $p(\text{value} = 0.003)$, staff competence $p(\text{value} = 0.004)$ and government policy $p(\text{value} = 0.005)$ were less significant variables determinants of procurement regulatory compliance

Table 3: Multiple Regression Analysis

1 (Constant)	1.469	.002
Government policy	.014	.005
Information technology	.103	.001
Organization structure	.102	.003
Staff competence	.063	.004

The regression equation ($Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4$) was interpreted to mean

$$Y = 1.469 + 0.014X_1 + 0.103X_2 + 0.102X_3 + 0.063X_4$$

Where Y is the dependent variable (Procurement regulatory compliance)

X_1 is Government policy variable, X_2 is Information technology, X_3 is Organization structure and X_4 is the Staff competence variable.

Summary

Information technology

The study found out that majority of the respondents indicated that organization embraces the use of information technology as a determinant of procurement regulatory compliance; IT has affected the performance of Kengen Company to a high extent and that technological use has increased efficiency on the procurement regulatory compliance. Further on the extent to which information technology determine procurement regulatory compliance respondents agreed to a great extent that IT policies determine procurement regulatory compliance. On the extent to which information Technology affect procurement compliance majority of the respondents indicated that information Technology affect procurement compliance to a moderate extent.

Government policies

The study found out that Government Policies determine procurement regulatory compliance by Kengen. From the findings majority of the respondents indicated that to a moderate extent Government Policies determine procurement regulatory compliance. Also on the extent to which determinants on Government Policies influence compliance of procurement, respondents agreed that to a great extent law reforms and governance structure influence compliance of procurement.

Organizational structure

From findings on whether organizational structure determine the procurement compliance the study found out that majority of the respondents indicated that organizational structure determine the procurement compliance

Staff competency

From the findings the study found out that majority of the respondents indicated that staffs attained professional qualification. On the findings whether organization undertake regular training for procurement department staff to enable the update their skills and knowledge ;that organization undertake regular training for procurement department staff to enable the update their skills and knowledge and that procurement staffs are conversant with Public Procurement and Disposal Act, 2005 and its regulations of 2006 and 2009 and other ethical. On the extent to which staff competency in the Kenya Electricity Generating Company determine procurement regulatory compliance, majority of the respondents indicated that to a very great extent staff competency in the Kenya Electricity Generating Company determine procurement regulatory compliance.

Conclusions

The study concludes that organization embraces the use of information technology as a determinant of procurement regulatory compliance; IT has affected the performance of Kengen Company to a high extent; technological use has increased efficiency on the procurement regulatory compliance and that organizational structure determine the procurement compliance the study found out that majority of the respondents indicated that organizational structure determine the procurement compliance.

The study also concludes that organizational structure determine the procurement compliance the study found out that majority of the respondents indicated that organizational structure determine the procurement compliance; that contribution of organizational structures in determining procurement regulatory compliance is to a very great extent.

Further the study concludes that staffs attained professional qualification; that organization undertake regular training for procurement department staff to enable them update their skills and knowledge and that organization undertake regular training for procurement department staff to enable the update their skills and knowledge and that procurement staffs are conversant with Public Procurement and Disposal Act, 2005 and its regulations of 2006 and 2009 and other ethical.

Finally the study concludes that Government Policies determine procurement regulatory compliance by Kengen. Also the study concludes that the procurement regulatory compliance which is public procurement and disposal act which is mainly used to govern all the public procurement and disposal process in the public sector was made through the act of parliament to establish procedures for efficient public procurement and for the disposal of unserviceable, obsolete or surplus stores, assets and equipment by public entities and to provide for other related matters.

Recommendations

The study recommends that should have competent professional workforce equipped with skills and knowledge for specified procurement jobs since procurement regulatory compliance in order to have sound procurement regulatory compliance. The study also recommends that information technology system should be well improvised since technology simplifies and reduces task needing manual skill and strengths especially in factories and either forms of production property applied increases productivity. Since the structure is the basic framework within which the executives' decision making behavior occurs it should therefore be strengthened. The quality and nature of decisions made are influenced by the quality of communication in the organization. The grouping of various organizations' departments and the provision of authority should be planned so that conflicts do not occur.

Finally the study recommends that public procurement law should be implemented properly since it can highly improve the procurement and disposal process in the organizations. The significant institutional developments of the new public procurement law should be enhanced which is the establishment of the public procurement oversight authority whose main functions includes: ensuring that the legal framework is complied with; monitoring the performance of the public procurement system and reporting to the Minister of Finance; to assist in the implementation of an efficient and effective public procurement system; initiating public procurement policies and proposing amendment to the Act where appropriate and Ensuring professionalism of the procurement function.

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