

FACTORS AFFECTING PROCUREMENT PLANNING IN COUNTY GOVERNMENTS IN KENYA: A CASE STUDY OF NAIROBI CITY COUNTY

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Abstract

The purpose of the study was to examine the factors that affect procurement planning in County Governments in Kenya a case study of Nairobi City County with an aim of making recommendations on proper procurement planning. The study aimed to establish how management support, staff competence, Information Communication Technology (ICT) tools, and budgeting procedure affect procurement planning. A census was conducted where all the 103 staff in procurement department was issued with questionnaires. Data was collected using self-administered questionnaires to collect data. The data collected was analyzed using quantitative and qualitative techniques. The study concludes that, inadequate competencies of procurement staff, lack of management support, ICT tools and budgeting procedures affect procurement planning. Finally, the study recommends a further research to be carried out in other counties to find out if the same results can be obtained.

Keywords: Procurement, Procurement Planning, Organizational Culture, Staff Competency, Devolution

INTRODUCTION

According to Agaba and Shipman (2007), procurement planning is the process used by companies or public institutions to plan purchasing activity for a specific period of time. This is commonly completed during the budgeting process. Each year, departments are required to budget for staff, expenses, and purchases. This is the first step in the procurement planning process.

Burt *et al* (2004), further defines procurement planning as the purchasing function through which organization obtain products and services from external suppliers. A good procurement plan will go one step further by describing the process you will go through to appoint those suppliers contractually. Whether you are embarking on a project procurement or organizational procurement planning exercise, the steps will be the same. First, define the items you need to procure. Next, define the process for acquiring those items. And finally, schedule the timeframes for delivery.

According to PPDA (2005), Public Procurement Act requires Procuring Entities to plan their procurements. A procurement plan helps Procurement Entities to achieve maximum value for expenditures and enables the entities to identify and address all relevant issues pertaining to a particular procurement before they can publicize their procurement notices to potential suppliers of goods, works and services. A procurement plan is influenced by a number of factors. These include; the value of the procurement, the type of procurement – for example, whether the procurement is sensitive, unique, high risk, or of strategic significance to the procuring Entity's success, and the nature of procurement – for example, whether it involves intrinsic risks and ethical and process issues.

Before any procurement transaction is conducted, Procuring Entities must determine their procurement needs which must be consistent with their organization's objectives. In this regard, the Procuring Entity should assess whether or not, a particular procurement is necessary. The assessment should take account of; the need to ensure that the Procuring Entity uses its resources effectively and efficiently; how the proposed expenditure would contribute to the Entity's desired outputs; and the Procuring Entity's overall procurement philosophy in accordance with the provisions of the Public Procurement and Disposal Act (PPDA, 2005).

Profile of Nairobi County

Nairobi County was founded in 2013 on the same boundaries as Nairobi Province, after Kenya's 8 provinces were subdivided into 47 counties. It is one of County governments envisioned by the 2010 Constitution of Kenya as the units of devolved government. It is governed by the

County Government of Nairobi, under the leadership of the governor. The county is composed of 17 Parliamentary constituencies (NCC, 2013).

The City of Nairobi, Kenya's capital, is located at an altitude of 1795m, and derives its name from a Maasai phrase Enkare Nyirobi meaning 'the place of cool waters'. Originally founded on empty swampland in 1899, it is now a major diplomatic, commercial, and culture centre, in particular housing many international organisations, including the United Nations Environment Programme (UNEP) and the United Nations Centre for Human Settlements (UN-Habitat) headquarters, as well as United Nations Children's Fund (UNICEF), the United Nations Scientific and Cultural Organization (UNESCO), United Nations Industrial Development Organization (UNIDO) and United Nations Development Programme (UNDP) regional offices. Nairobi is the most populous City in East Africa, with a current estimated population of about 3.1 million. According to the 2009 Census, in the administrative area of Nairobi, 3,138,295 inhabitants live within 696 km² (269 sq mi). Nairobi is currently the 12th largest City in Africa, including the population of its suburbs. Due to Nairobi County's huge population, it got an allocation of Sh15.1 billion given to the County governments (Odhiambo & Kamau, 2003).

Statement of the Problem

According to Juma (2010), public procurement is very important and accounts for a sizeable proportion of the GDP. Public procurement by central government is estimated to account for 10% of the GDP in Kenya. It is further estimated that public procurement accounts for 9%–13% of the GDP of the economies of developing countries (Thai, 2004). Therefore, it is important for public institutions to have exceptional procurement plans.

According to Basheka (2008) a good procurement plan brings some sanity in the budgetary allocations and prudent financial management. However, in Kenya, there is a conspicuous gap in procurement planning particularly in the newly developed County governments. This is following the new County governments budget estimates (The Controller of Budgets (CB), 2013).

The government has put in place provisions to ensure realization of her long term objective of improving the quality of life of its citizens. Substantial resources have been committed towards improving service delivery in areas such as infrastructure development and maintenance, rural development, human development and governance, among others. The implementation of these interventions would be incomplete without proper procurement planning (KNBS, 2008).

While there are various empirical evidences on procurement planning such as, Wogube (2011), on procurement planning and service delivery in Public Enterprises, Nyumu (2010) on

budget allocation for Cooperative societies, and Owalla (2012) management of devolved procurement funds, there is limited research that has been carried out to determine exactly why devolved units have not been able to achieve their procurement objectives. A gap thus exists in determining the specific factors that affect procurement planning at the county level. Therefore, to bridge this gap, this study seeks to understand the factors affecting procurement planning in County governments.

Research Objectives

The main objective of the study was *to investigate factors affecting procurement planning in County governments in Kenya, case of Nairobi City County*. The study was guided by the following specific objectives.

- i. To establish the effect of staff competence on procurement planning in Nairobi City County.
- ii. To determine the influence of management support on procurement planning in Nairobi City County.
- iii. To examine the role of ICT tools on procurement planning in Nairobi City County.
- iv. To assess the effect of budgeting procedures on procurement planning in Nairobi City County.

Research Questions

- i. What is the effect of staff competence in procurement planning in Nairobi City County?
- ii. How does management support influence procurement planning in Nairobi City County?
- iii. What is the role of ICT tools on procurement planning in Nairobi City County?
- iv. What are the effects of budgeting procedures on procurement planning in Nairobi City County?

Significance of the study

Procurement planning is of great significance in the newly formed County governments in Kenya. The study focused on the Nairobi City County. It is one of the counties with the highest population and with the highest allocation of devolved government funds. It is a major commercial hub, both nationally and internationally. It contributes over 45% of the Kenyan GDP and employs 43% of the urban workforce in the country (Kenya National Bureau of Statistics - KBS, 2008).

Scope of the Study

Due to the diversity of the factors affecting procurement planning, this study focused only on factors that are general that is; management support, staff competence, Information Communication Technology (ICT) tools, and budgeting procedures as factors affecting procurement planning in the County.

The study was carried out at the Nairobi City County headquarters. It has several departments namely; the general administration department, Central planning and project monitoring department, Finance department, Accounts department, Human resource management department, Public communications department, Engineering, Planning, Information communications technology department, Housing and Procurement department. The study involved 103 staff in procurement department comprised of senior managers, the middle-level managers and support staff.

Limitation of Study

The study used questionnaire for data collection which were left with the respondents to be collected later after they were complete. The problems associated were loss of questionnaires, incomplete questionnaires and failure to give information. They were overcome by organizing meeting outside working hours, seeking for their personal contacts use of incentives for every duly filled questionnaire where necessary.

The researcher used closed-ended questions which have the disadvantage of limiting responses. This was avoided by including as many questions as possible of each objective. Open-ended questions were also used which have a tendency to provide information which does not answer the stipulated questions or objectives, these responses may be difficult to categorize and time consuming thus resulting to varied responses which are difficult to analyze. This problem was avoided by limiting questions to the main variables of the study, giving enough time to respondents as well as including the findings in narrative form.

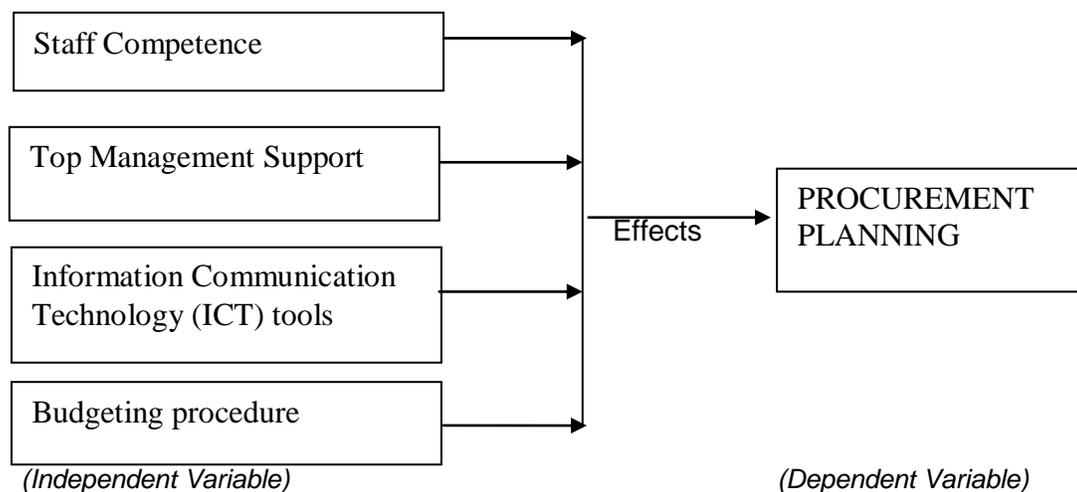
Last but not least, the researcher also anticipated a challenge of staff not willing to give full information for fear of any adverse repercussions. This was overcome by allowing the respondents to administer the questionnaires themselves. The researcher also assured the respondents that the research was only for academic purposes and all the information obtained will be treated with outmost confidentiality.

LITERATURE REVIEW

Conceptual Framework

Mugenda and Mugenda (2003) defines conceptual framework as a concise description of the phenomenon under study accompanied by a graphical or visual depiction of the major variables of the study. Reichel and Ramey (1987) also defines conceptual framework as a set of broad ideas and principles taken from relevant fields of enquiry and used to structure a subsequent presentation. It is research tool intended to assist a study to develop awareness and understanding of the situation under scrutiny and to communicate this. The independent variables and their relationship with dependent variable are presented in the following figure 1.

Figure 1: Conceptual framework



Procurement Planning

According to Basheka (2008) procurement planning is the primary function that sets the stage for subsequent procurement activities. A mistake in procurement planning has wide implications for local governance, measured from the two indicators of accountability and participation. According to James (2004), the ideals of planning suggest that procurement planning can be implemented in an atmosphere of complete harmony. He adds that, as a function, procurement planning endeavors to answer the questions of what do you want to procure; when to procure it; where to procure them from; when the resources be available; the methods of procurement to be use; how timely procurement or failure will affect the user of the item(s); the procuring and disposing entity; efficient in the procurement process; and the people to be involved in the procurement. Economic commission of Africa (2003) defines procurement planning as the purchasing function through which organization obtain products and services from external suppliers.

A good procurement plan will go one step further by describing the process one will go through to appoint those suppliers contractually. Whether you are embarking on a project procurement or organizational procurement planning exercise, the steps will be the same. Procurement is thus one part of the commissioning process. It refers to a specific method of purchasing services which involves tendering for a contract. Sometimes it is more appropriate for a public body to fund a service through the provision of a grant, but then it will have less control over the precise outcomes to be delivered.

According to Bailey (2000) procurement must take a thoroughly professional view of its role in business as a whole and that must include planning. Any procurement begins with the planning decision to make the purchase and this will involve in the first place, deciding whether there is a need for the particular goods or services, ensuring that the purchaser has the legal powers to undertake the transaction, obtaining any relevant approvals within the government hierarchy and arranging the necessary funding. But it is again not surprising that many procurement entities at both the central and local government levels have not taken planning a serious activity, he concludes. The UN Procurement Practitioner's Handbook (2006), further adds that, the ultimate goal of procurement planning is coordinated and integrated action to fulfill a need for goods, services or works in a timely manner and at a reasonable cost. Early and accurate planning is essential to avoid last minute, emergency or ill-planned procurement, which is contrary to open, efficient and effective – and consequently transparent – procurement. In addition, most potential savings in the procurement process are achieved by improvements in the planning stages. Even in situations where planning is difficult such as emergencies, proactive measures can be taken to ensure contingency planning and be better prepared to address upcoming procurement requests.

Staff Competence and Procurement Planning

Boyatzis (2008), define competency as a capability, ability or an underlying characteristic of an individual which is casually related to effective or superior performance. It is a set of related but a different set of behavior organized around an underlying construct, which we call the "intent". The behaviors are alternate manifestations of the intent, as appropriate in various situations or times. Competence is a cluster of related abilities, commitments, knowledge, and skills that enable a person (or an organization) to act efficiently in a job or situation. Competencies indicate sufficiency of knowledge and skills that enable someone to act in a wide variety of situations (Aketch and Karanja, 2013). According to Russell (2004), professionalism in public procurement relates not only to the levels of education and qualifications of the workforce but also to the professional approach in the conduct of business activities. If the workforce is not

adequately educated in procurement matters, serious consequences including; breaches of codes of conduct may occur.

Shick (2003) says “all levels of employees should be involved including the subordinates should be involved in preparation of budget so that they too can feel appreciated and acknowledged. If involved in the right way motivation for employees will be increased.” employees should be involved in the happenings of the organization so that they can be up to date with the daily operation of the organization. Past records used in the past will assist in consultation as they can be referred to if a similar situation arises as had in the past. Fine (1998) say that, past records should not be entirely discarded as history repeats itself and organization might need proof of how it tackled a certain situation in the past.

Top Management Support and Procurement Planning

The importance of top management support for successful procurement planning implementation has for a long time been recognized in the Supply Chain Management literature (Lincioni, 2000; Matchette and Lewinski, 2005; Gibson et al, 2005; Lambert and Cooper, 2000; Andraski; 1998; Moberg et al; 2003; Mangan and Christopher, 2005; Slone et al, 2007). The need for top management support is also well established among other practitioners. In a recently conducted survey (Larson et al., 2007) among senior members of the council of supply chain management professionals, top management support is identified as the most important facilitator for implementation of procurement planning.

Despite top management support importance in implementation of procurement planning activities, the commitment for procurement planning issues from top management is however inadequate (Faweett et al., 2006; Sandberg, 2007; Faweett and Magnan, 2002). Top management not often has an effective role when it comes to procurement planning and supply chain management issues. In Eisenstein and Thompson’s (2006) survey on Chief Executive Officers perspectives on Supply Chain Management, on 23 percent of the responding Chief Executive Officers were responsible for driving development and execution of a supply chain strategy.

Enterprise Resource Planning (ERP)

According to Helo *et al* (2008) enterprise resource planning (ERP) is a cross-functional enterprise system driven by an integrated. ERP gives a company an integrated real-time view of its core business processes such as production, order processing, and inventory management, tied together by ERP applications software and a common database maintained by database management systems. ERP systems track business resources (such as cash, raw materials,

and production capacity) and the status of commitments made by the business (such as customer orders, purchase orders, and employee payroll), no matter which department (manufacturing, purchasing, sales, accounting, and so on) has entered the data into the system. ERP facilitates information flow between all business functions inside the organization, and manages connections to outside stakeholders.

Functionally, an ERP system primarily supports the management and administration of the deployment of resources within a single (though possibly multi-site) organization. These resources can be materials, capacities, human labor, capital, etc. ERP systems current contribute to this by providing various types functionality, (Huang and Nof, 1999). An engine for transaction processing which allows for the integrated data management throughout the organization; Work flow management functions controlling the numerous process flows that exist in the enterprise, such as the order-to-cash process or the purchasing processes; and Decision making support functions, assisting in the making of policies for example, by doing an MRP run, and processing specific orders of the customer (e.g. by Performing an Available-to-Promise (ATP) check). Bailey *et al* (1998), assert that, higher quality ERP software with a strong manufacturing components, provide information required to increase production efficiency and reduce or eliminate re-work. It leads to timely revenue collection and cash-flow by giving organizations the power to proactively examine accounts receivable before problems occur instead of just reacting and hence improve cash-flow of the company.

Budgeting Procedures and Procurement Planning

According to Lysons and Farrington (2006), a procedure is a system of sequential steps or techniques for getting a task or job done. They are formal arrangements by means of which policies linking strategies are implemented. They further clarify that a cluster of reliable procedures, each comprised of a number of operations that together, provide information enabling staff to execute and managers to control those operations, is called a system. Therefore, procedural procurement will ensure orderliness and efficiency in any procurement department.

Burt *et al* (2004), further adds that, procedural procurement is vital due to considerable amounts of money spent annually in the public sector. They say, the procurement department should observe procedural transactions for the good of the population given the fact that expenditure incurred is the taxpayer's money. This implies that public sector purchasers are accountable to the public whose money is being spent, including disappointed tenderers and potential suppliers. They must produce procedures and practices which will stand up either to scrutiny during government audits or to the challenge through the courts of any purchasing

decision that has been made. The chief purpose of public accountability is to prevent abuses of taxpayer's money.

Planning scope refers to the period in which the budget will cover. The planning scope will be crucial in how the budget is drawn that is if they are budgeting for long term project or short term. It will assist in planning for activities and ascertain how next year might change and steps to be taken to respond to the changes. Purchasing budgeting procedures involves various steps before the final budget is arrived at. The process usually starts at various departments depending on the department needs for the coming financial year. The budgeting process is then developed to a master's budget that is developed by the management. This process must be followed to make the employees own the purchasing budget allocation (CIPS, 2002).

Summary

While there have been developments in regulatory framework, there is still challenges to be addressed in order to realize full benefits of procurement planning in Kenya. Some of the notable challenges include; regulatory gap in procurement planning in County governments (Owalla, 2012), institutional and professional capacity challenges (PPOA, 2007), political interference with implementation of regulations (CCG, 2007) and the low level of implementation of Information Communication (ICT) tools (KIPPRA, 2010). Most of the literature shows that, there is abuse of the procurement rules and regulations, but very little is said on the role of procurement planning which seems to be the missing tie in the progressive regulations that have been developed. While the existing studies (CCG, 2007; Owalla, 2012; KIPPRA, 2010) focus on the identification of gaps in procurement planning.

Although procedures supporting systematic procurement planning have been established, data from CPI survey (2007) indicates that these are far from always being complied with. While it has not been possible to assess the percentage of contracts which are not part of procurement plans, the low share of procurements conducted through open tendering indicates that a large part of procurements are undertaken on an ad hoc basis, by quotations and direct procurements, thus suggesting a lack of procurement planning in the County.

Research Gaps

The ideals of planning suggest that development and public infrastructure can be implemented in an atmosphere of complete harmony and that environmental, social and economic disruptions can be minimized and this assumes that there is full knowledge of the social, economic, political and physical systems within which such development is operating (James, 2004). In a

developed or developing country, public procurement practitioners have and will face many challenges but each country has its own economic, social, cultural and political environment; and each country's public procurement practitioners face different types of challenges (Thai, 2004). Governed by a complex set of laws and regulations, County governments procurement systems are designed to achieve three goals; ensuring the best price; providing open and fair competition among local vendors; and preventing favoritism and corruption (CCG, 2007).

In Kenya, procurement planning is a fundamental function that impacts on effective or ineffective service delivery. There is no part of local government service delivery that does not depend on procurement planning; and yet the area remains a neglected field of research. It is expected that compliance to law, better risk assessment, cost effective procurement and use of technology (Saleemi, 2010). However, the environment in which procurement planning is conducted may not be supported by some of the important systems such as ICT tools. The Public Financial Management Reforms (PFMR) report (2009) indicates that implementation of Integrated Financial Management Information System (IFMIS) has been completed in major government ministries and department but not in institution implementing devolved funds. This study will untangle the effect of ICT tools on procurement planning.

RESEARCH METHODOLOGY

Research Design

The study adopted a descriptive case study design; which enabled the researcher to keep track of the research activities and helped to ensure that the ultimate research objectives are achieved. Benjamin (2000) points out that the descriptive studies are only restricted to fact finding but may often result in the formulation of important principles of knowledge and solutions of significant problems. This method is preferred because it allowed for in-depth study of the case.

Population

According to Kombo *et al* (2006) a population refers to the entire group of persons or elements that have at least one thing in common. Target population is defined as all members of a real or hypothetical set of people, events or objects to which a study wishes to generalize the results of the research study (Bryman and Bell, 2007). The target population consisted of counties in Kenya, study population was Nairobi City County Headquarters and unit of analysis was procurement department. The unit of observation was employees in Procurement department composed of senior managers, middle-level managers and support staff.

Table 1: Tabulation of Study Group and Sample

Category	Study Population	Sample size	Sample
Senior Managers	10	100%	10
Middle- Level Managers	40	100%	40
Support Staff	53	100%	53
Total population	103	100%	103

Source: (NCC 2014)

Sampling and Sampling Technique

In this study, a census method was adopted where all the 103 staff in procurement department was issued with questionnaires. According to Cooper and Schindler (2006), a census is a count of all the elements in a population.

Data Collection method and Instruments

Primary data was collected using questionnaires which were administered by the researcher with the help of two research assistants. The questionnaire comprised of questions which answered questions related to the study objectives. The closed ended questions provide alternatives of answers from which respondents selected the answer because they are easier to analyze and are economical in terms of time. The open ended questions were also be used to give respondents a chance to provide an insight into their feelings, interests and backgrounds of the study (Donald and Delno, 2006).

Pilot Study

A pilot study was done to assess the capability of the research instruments to collect required data for the research. To represent all the three categories in the sampling frame two respondents were selected from each category making a total of six pre-test samples which represent 6% of the total respondents. Reliability of the questionnaires was measured using the internal consistency technique. This was done by the researcher administering a single test to the sample of subjects. The score obtained in one item was correlated with scores obtained from other items in the instrument. Cronbach's Coefficient Alpha was computed to determine how items correlate among themselves (Mugenda and Mugenda, 1999). This method was used to save on time. The results of this reliability test was analyzed and used to improve the questionnaire.

Data Analysis and presentation

According to Mugenda & Mugenda (2003), data analysis is the process of bringing order, structure and meaning to the mass of information collected. The information was codified and entered into a spreadsheet and analyzed using Statistical Package for Social Sciences (SPSS). SPSS Version 22 has got descriptive statistics features that assist in variable response comparison and gives a clear indication of response frequencies (Mugenda and Mugenda, 2003).

Once the raw data was collected, the questionnaires were checked for proper recording of the responses and completeness. They were then coded and the response on each item put into specific categories fitting the research questions. Data was summarized using descriptive distribution of scores or measurements using a few indices or statistics and to describe (and compare) variables numerically. In social sciences, descriptive statistics are used to give expected summary statistics of variables being studied in very simple form (Mugenda and Mugenda, 2003).

The output was presented in Frequency distribution tables which gave a record of the number of times a score or a response occurred. The scores were also presented using percentages, Pie charts and cone charts to represent data in a pictorial format. The SPSS version 22 offers extensive data handling capabilities and numerous statistical routine that can analyze small to very large data statistics (Donald & Tromp, 2006). Chava (1996) adds that the language of SPSS is logical and quiet simple.

The other type of statistics, inferential statistics (correlations and multiple regression analysis) was used to give a measure of the relationship between two or more variables and establish if there was any relationship or there exists a cause effect relationship between the variables. Multiple regression analysis was adopted when the researcher has one dependent variable which is assumed to be a function of two or more independent variables whereas Pearson's coefficient of correlation (product moment correlation coefficient) was mostly used to measure the degree of relationship between two variables and the two variables and the two are casually related, one is dependent and the other is independent (Kothari, 2004). Qualitative data was derived from past studies and reading the responses of the open ended questions in the questionnaire. Inferences from analyzed data was made to help answer the research questions and also be compared to previous research findings.

ANALYSIS, FINDINGS AND DISCUSSIONS

Response Rate

The response rate refers to percentage of the sample that returns the questionnaires completed (Bryman and Bell, 2007). The study targeted 103 employees in Procurement department at NCC Headquarters for data collection with regard to the factors affecting procurement planning in County governments in Kenya. From the study, 86 of the targeted respondents filled the questionnaires making a response rate of 83%. Mugenda and Mugenda (2003) observed that a 50% response rate is adequate, 60% good and above, while 70% rated very good.

Table 2: Response Rate

Respondents	Response	Frequency	Percentage
Responded		86	83%
Did not respond		17	17%
Sample size		103	100%

Reliability Analysis

The reliability of an instrument refers to its ability to produce consistent and stable measurements. Bagozzi (1994) explains that reliability can be seen from two sides: reliability (the extent of accuracy) and unreliability (the extent of inaccuracy). The most common reliability coefficient is the Cronbach's alpha which estimates internal consistency by determining how all items on a test relate to all other items and to the total test - internal coherence of data. The reliability is expressed as a coefficient between 0 and 1. The higher the coefficient, the more reliable is the test.

All the 4 constructs representing the independent variables attracted a Cronbach's alpha statistics of more than 0.8 individual item loadings which represent squared multiple correlations of 0.80 or greater imply that the indicator shares more variance that the data collection is reliable (Sekaran, 2003). The reliability statistics are presented in Table 4.2.

Table 3: Reliability Test

Intellectual Capital (IC)	Cronbach's Alpha	No of Items	Comments
1. Staff competence	0.8769	8	Accepted
2. Management Support	0.8180	5	Accepted
3. Information communication Technology (ICT) tools	0.8640	6	Accepted
4. Budgeting Procedure	0.8247	5	Accepted

Procurement Planning

Respondents involvement in procurement planning

A simple majority (60%) of the respondents indicate that they were not involved in procurement planning while 40% revealed that they were involved in procurement activities. This implies that procurement planning activities are done at the senior management. These findings are in agreement with Robbins (2001) suggestion that procurement planning function encompasses defining organization's goals, establishing an overall strategy for those goals, and developing a comprehensive hierarchy of plans to integrate and coordinate the activities is done by senior management.

Whether Procurement planning is important to the Nairobi City County

According to the findings a majority of the respondents 87% agreed that procurement planning is important to the Nairobi City County while 13% disagreed. This implies that there is planning of procurement activities in the county. These results concur with Basheka (2008) that procurement planning is one of the primary functions of procurement with a potential to contribute to the success of local government operations and improves service delivery.

Who are involved in Procurement planning at the Nairobi City County

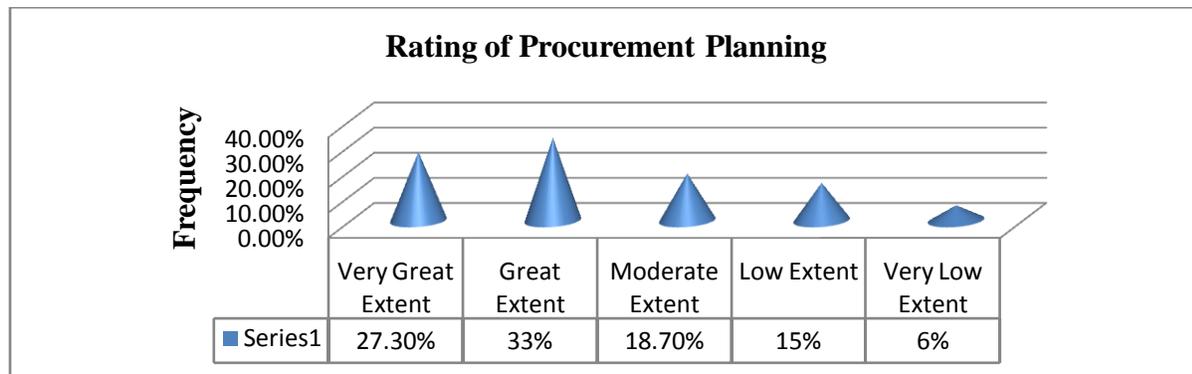
The findings show that, 90% of the respondents indicated that senior managers in procurement department are involved in procurement planning, 80% of the respondents indicated that senior managers in all departments, 70% of the respondents indicated senior managers and middle-level managers in procurement are involved in procurement planning, while 40% indicated that all levels in procurement department were involved in procurement planning. The results agree with CIPS (2002) which states that it is important to involve as many people as possible from all departments for wider of the needs of each department.

Rating Procurement Planning

27.3% of the respondents indicated that Poor procurement plan leads to big budget deficits to a very great extent, 33% of the respondents indicated that Economies of scale are gained by uniting the requirements of different departments to a great extent, 18.7% indicated that planning helps in resource allocation to a moderate extent, 15% indicated that procurement planning helps to achieve value for money to a low extent, while 6% indicated that procurement planning results to compliance to set procedures to a very low extent. These findings correspond with those of Basheka (2008) who found out that procurement planning is a primary function that sets the stage for subsequent procurement activities and a mistake in procurement

planning has wide implications for local governance. One can therefore infer that procurement planning plays a major role in budget controls, and economies of scale are again if planning is coordinated in the entire organization/ institution. The findings also agree with Kennard (2006) indicating that procurement plan has the potential to cut costs, shorten timescales and enhance stakeholder relationships, reduce risks and improve risks.

Figure 2: Rating of Procurement Planning



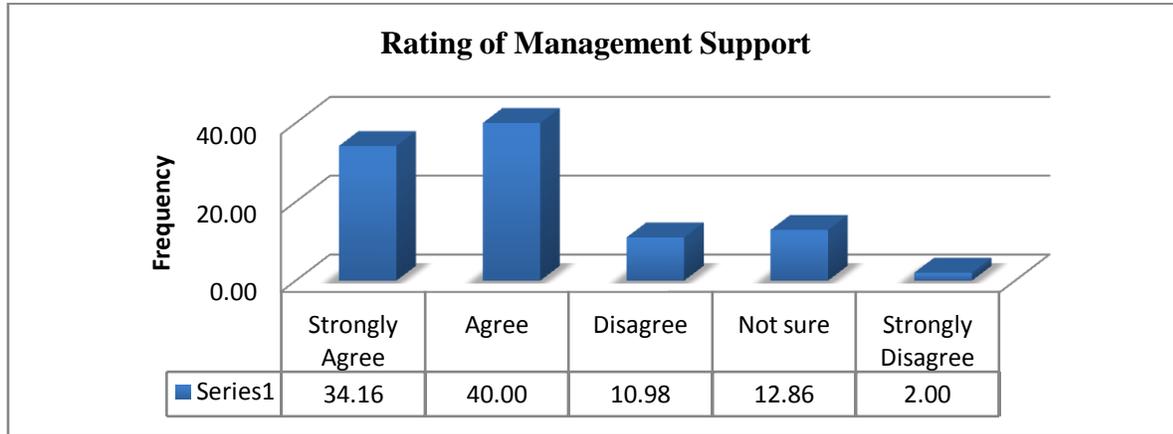
Top Management Support and procurement planning

According to the findings in figure 4.8, 50% of the respondents agreed that the management supports procurement planning, 45% disagree while 5% of the respondents were not sure. It can be deduced that the management supports procurement planning activities. These findings agree with the argument by Nyumu (2010), who states that when implementing a procurement plan, it's the top management's support and commitment that is undoubtedly a prerequisite for procurement planning implementation.

Rating effect of top management supports and procurement planning

From the findings in Figure 4.9, 34.16% strongly agree that top management ensures that there are policies and procedures in place. 42% of the respondents agree that top management regards procurement function important to the county government. 10.98% of the respondents disagree that the top management ensures that only what is in the master plan is procured. 12.86% of the respondents were not sure whether the management supports procurement planning activities in the county. 2% of the respondents strongly disagree that the management ensures that only competent staff is involved in final procurement planning of the county. The management should be committed to procurement activities and function. The findings relate with the findings of Eisenberger (1997) that the lack of top management support inhibits factors of effective procurement planning.

Figure 3: Rating of Management Support



Staff Competence and Procurement Planning

Frequency of procurement staff attending trainings

According to the findings a majority of 45% indicated they rarely attend seminars, workshops or short trainings, 40% indicated they frequently attend, while 15% indicated none. Russell (2004) states that, if workforce is not adequately educated in procurement matters, serious consequences including; breaches of code of conduct may occur.

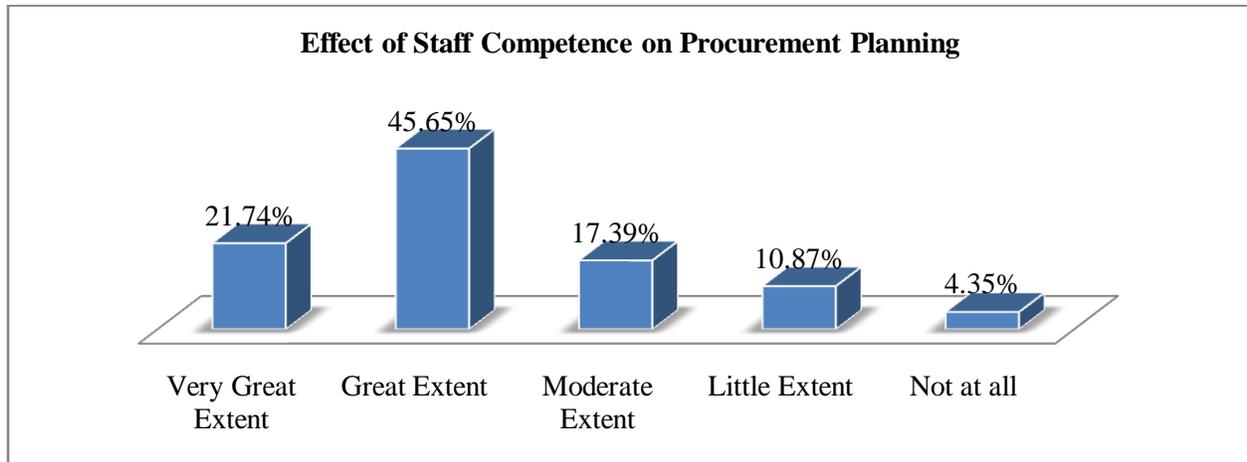
Whether the organization sponsors' procurement staffs for trainings to enable them update their skills and knowledge

According to the findings a simple majority of 55% disagree that they were sponsored while 45% of the respondents agreed that the organization sponsors procurement staff for training to enable them update their skills and knowledge. This means that not all staff are sponsored by the county for trainings to improve their skills and knowledge. Barnes (2004) argues that, specific areas of knowledge must be developed and/or strengthened to enable procurement officers meet their challenges.

Extent to which staff competence affects procurement planning;

According to the findings a majority of 45.65% of the respondents reported that staff competence affects procurement planning at Nairobi City Council to a very great extent, 21.74% reported to a great extent, 17.39% reported to a moderate extent, 10.87% reported to a little extent and 4.35% reported to no extent at all. These results concur with Grant (1991) that company's most strategically important resources are the intangible resources including competencies.

Figure 4: Effect of Staff Competence on Procurement Planning



Whether the necessary skills and competence are needed in procurement planning

According to the findings a majority of 56% of the respondents indicated that they had the necessary skills and competence needed for procurement planning while 44% indicated they lacked the necessary skill require in the procurement planning. It can be concluded that, there is need to have competent staff in the department. The findings concur with William (2009) that in a work context, individuals must possess a range of personal competencies along with task specific competencies to perform effectively and efficiently.

Rating Effect of Staff Competence on Procurement Planning

From the findings 43% of the respondents indicated that, staff competence influences procurement planning to a very great extent. 12% indicated that a challenge to getting of getting experienced staff affects procurement planning to a great extent in the county. 26% indicated that the diversity of work involved in public procurement affects procurement planning to a moderate extent. 14% of the respondents' lack of staff development affects procurement plan in the county to a low extent. While 5% of the respondents indicated that loss of key competencies affects procurement planning to a very low extent. The findings concur with William (2009) that in a work context, individuals must possess a range of personal competencies along with task specific competencies to perform effectively and efficiently. Inference shows that staff competence plays a major role in procurement planning therefore; the county government should invest more in their staff and ensure that they engage staffs who have vast known in procurement.

Figure 4: Rating of Staff Competence



Information Communication Technology (ICT) Tools and Procurement Planning

According to the findings a majority of 66% of the respondents indicated that the County uses ICT Tools while 44% indicated the county does not use the ICT tools. The findings agree with Cohen *et al* (2002) that, ICT tools are one of the most important enablers of effectiveness and are a source of competitiveness. The findings also collaborate with the findings of Helo *et al* (2008) that enterprise resource planning (ERP) is a cross-functional enterprise system driven by an integrated. They say that ERP gives a company an integrated real-time view of its core business processes. ERP facilitates information flow between all business functions inside the organization, and manages connections to outside stakeholders.

Benefit of ERP to the County’s Procurement Plan

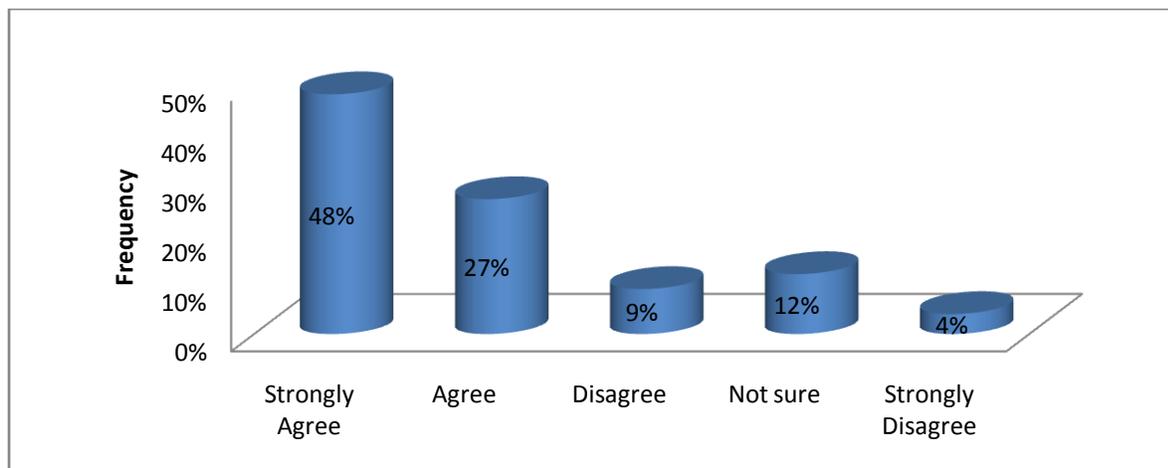
According to the findings a majority of 60% of the respondents reported that ERP is beneficial to County’s procurement plan to a very high extent, 20% reported to a high extent, 15% reported to a moderate extent, 3% reported to a little extent and 2% reported to no extent at all. The findings show that ERP is beneficial to the county government. It also shows that, ERP plays a greater role and the county is embracing it. The findings are agree with Cohen (2002) who said that, more and more organizations are embracing ERP and it is now being hailed as a foundation for the integration of organization-wide information systems.

Rating of ICT Tools on Procurement Planning

According to the findings, 48% of the respondents strongly greed that ICT tools assist in decision and policy making support functions. 27% of the respondents agreed that ERP can help the County to integrate all the departments (Human Resource, Procurement, Planning, Engineering, Finance and other departments). 9% of the respondents were not sure that ERP

system primarily supports the management and administration of the deployment of resources. 12% of the respondents disagreed that ICT tools help to manage work flow management functions controlling the numerous process flows that exist in the Enterprise. Only 4% of the respondents strongly disagree that unified data gives you the information integrity required to develop compliance and procurement management practices. The study concurs with (Cohen, 2002) in his study that in a competitive global environment, more and more firms formulate procurement goals and implement them with enterprise resource planning (ERP) and supplier coordination. The study also agree with Lysons and Farrington (2006) who say that, ICT tools are a source of competitive power for many companies. Information technologies have earned a vital role in many organizations.

Figure 5: Rating of ICT Tools on Procurement Planning



Budget Procedures and Procurement Planning (Policies and Procedures in place for Procurement Planning)

According to the findings, a majority of respondents 80% indicated that the county has policies and procedures in place for procurement planning while 20% disagreed. These results concur with Burt *et al* (2004) that procedural procurement is vital due to considerable amounts of money spent annually in public sector. The findings also agree with CIPS, 2002 which says that the process must be followed to make the employees own the purchasing budget allocation. Lysons and Farrington (2006) also concur with the finding when they say that a cluster of reliable procedures, each comprised of a number of operations that together, provide information enabling staff to execute and managers to control operations and procedural procurement will ensure orderliness and efficiency in any procurement department.

Employees' Feedback on budgeting procedures in the organization

From the findings 45% of the respondents indicated that they were happy with the policies and procedures in place for procurement planning while 55% disagreed. These findings concur with Bagura (2000) that the number of steps will be measured if they have any effect on how the society will formulate them.

To identify whether Budgeting Procedures are followed

The findings in figure 4.20 show that, a majority 35% of the respondents indicated that the budgeting procedures are followed when drawing a procurement plan while a majority of 65% disagreed. These findings agree with Burt *et al* (2004) that, procedural procurement is vital due to considerable amounts of money spent annually in the public sector.

Budgeting Procedures Improved Resource Allocation

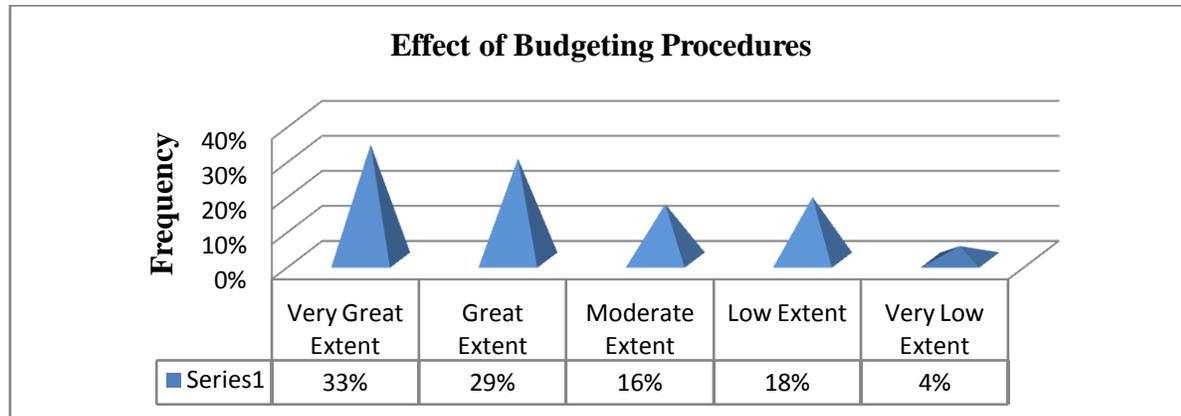
The findings show that, a majority of 79% of the respondents indicated that the budgeting procedures improve resource allocation while 21% disagreed. It can be inferred that budgeting procedures are important in resource allocation. The findings correspond with those by Lysons and Farrington (2006) that budgeting will ensure orderliness and efficiency in any procurement department. Burt *et al* (2004), who further adds that, procedural procurement is vital due to considerable amounts of money spent annually in the public sector. They say, the procurement department should observe procedural transactions for the good of the population given the fact that expenditure incurred is the taxpayer's money.

Rating of Budgeting Procedures on procurement planning

According to the findings, 33% the respondents indicated that Budgeting procedures have caused delays in decision making in the County to a very great extent. 29% of the respondents indicated that Budgeting procedures have caused delays in service delivery in the County to a great extent. 18% of the respondents indicated that Budgeting procedures add value to compliance to set procedures at a moderate extent. 16% of the respondents indicated that it is important that all are aware of the set budgeting procedures in place at the County to a low extent. 4% of the respondents indicated that without budgeting procedures, it would be difficult to come up with a procurement plan to a very low extent. From the findings it can be deduced that budgeting procedures have a great effect of procurement planning. The findings also correlate with Burt *et al* (2004) who say that, procedural procurement is vital due to considerable amounts of money spent annually in the public sector. They say, that the procurement

department should observe procedural transactions for the good of the population given the fact that expenditure incurred is the taxpayer’s money.

Figure 6: Effect of Budgeting Procedures



Correlation analysis

The first research question sought to establish the effect of staff competence on procurement planning at Nairobi City County. Pearson Correlation Coefficient computed and tested at 1% significance level. The results as tabulated in Table below, indicates that there is a strong positive relationship ($r=0.753$) between staff competence on procurement planning. In addition, the researcher found the relationship to be statistically significant at 1% level ($p=0.000, <0.01$).

Table 4: Relationship between Staff Competence and Procurement Planning

		Procurement Planning	Staff Competence
Procurement Planning	Pearson Correlation	1	0.753**
	Sig. (2-tailed)		0.000
	N=	86	

** Correlation is statistically significant at 1% level (2-tailed)

The second research question sought to establish how management support influence procurement planning in Nairobi City County. Pearson Correlation Coefficient computed and tested at 1% significance level. The results as tabulated in Table 5, indicates that there is a moderate positive relationship ($r=0.806$) between management support and procurement planning. In addition, the researcher found the relationship to be statistically significant at 1% level ($p=0.000, <0.01$).

Table 5: Relationship between Management Support and Procurement Planning

		Procurement Planning	Top Management Support
Procurement	Pearson Correlation	1	0.806**
Planning	Sig. (2-tailed)		0.000
	N = 86		

**** Correlation is statistically significant at 1% level (2-tailed)**

The third research question sought to establish the role of ICT tools in procurement planning at Nairobi City County. Pearson Correlation Coefficient computed and tested at 1% significance level. The results as tabulated in Table 6, indicates that there is a strong positive relationship ($r=0.728$) between ICT tools and procurement planning. In addition, the researcher found the relationship to be statistically significant at 1% level ($p=0.000$, <0.01).

Table 6: Relationship between ICT tools and Procurement Planning

		Procurement Planning	ICT tools
Procurement	Pearson Correlation	1	0.728**
Planning	Sig. (2-tailed)		0.000
	N = 86		

**** Correlation is statistically significant at 1% level (2-tailed)**

The fourth research question sought to establish the effects of budgeting procedures on procurement planning in Nairobi City County. Pearson Correlation Coefficient computed and tested at 1% significance level. The results as tabulated in Table 7, indicates that there is a strong positive relationship ($r=0.698$) between budgeting procedures and procurement planning. In addition, the researcher found the relationship to be statistically significant at 1% level ($p=0.000$, <0.01).

Table 7: Relationship between Budgeting Procedures and Procurement Planning

		Procurement Planning	Budgeting Procedures
Procurement	Pearson Correlation	1	0.698 **
Planning	Sig. (2-tailed)		0.000
	N = 86		

**** Correlation is statistically significant at 1% level (2-tailed)**

Regression Analysis

The study conducted a multiple linear regression analysis to determine the relationship between independent variables and the dependent variable. The regression model was as follows:

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

Where:

Y is the dependent variable (Procurement Planning),

β_0 is the regression coefficient/constant/Y-intercept,

$\beta_1, \beta_2, \beta_3, \beta_4$ are the slopes of the regression equation,

X_1 is the Staff Competence,

X_2 is the Management Support,

X_3 is the Information Communication (ICT) tools,

X_4 is the Budgeting procedure while

α is an error term at 95% confidence level.

The four independent variables that were studied, explain 68.2% of the procurement planning as represented by the R^2 . This therefore means that other factors not studied in this research contribute 31.8% of the procurement planning. Therefore, further research should be conducted to investigate the other factors (31.8%) that affect procurement planning in the County governments in Kenya.

Table 8: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.825 ^a	0.682	0.653	0.10056

a. *Dependent Variable: Procurement Planning*

b. *Predictors: (Constant), Staff Competence, Management Support, ICT tools, Budgeting procedures*

The regression equation will be;

$$Y = 0.336 + 0.252X_1 + 0.786X_2 + 0.231X_3 + 0.115X_4$$

The regression equation above has established that taking all factors into account (the staff competence, management support, Information communication (ICT) tools, budgeting procedure constant at zero, procurement planning will be an index of 0.336. The findings presented also shows that taking all other independent variables at zero, a unit increase in staff competence will lead to a 0.252 increase in the scores of procurement planning. The *P*-value was 0.004 which is less than 0.05 and thus the relationship was significant.

The study also found that a unit increase in Top management support will lead to a 0.786 increase in procurement planning. The P -value was 0.003 and thus the relationship was significant. In addition, the study found that a unit increase in Information communication (ICT) tools will lead to a 0.231 increase in the scores of procurement planning. The P -value was 0.002 and thus the relationship was significant. Lastly, the study found that a unit increase in budgeting procedure will lead to a 0.115 increase in the scores of procurement planning. The P -value was 0.001 and hence the relationship was significant since the p -value was lower than 0.05.

The findings of the study show that, Top management support contributed most to the procurement planning.

Table 9: Coefficients of Determination

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	.336	.210		1.492	.145
	Staff competence	.252	.094	.302	2.675	.004
	Management Support	.786	.073	.272	3.212	.003
	ICT tools	.231	.060	.894	13.031	.001
	Budgeting Process	.115	.097	.070	2.026	.002

Table 10: ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
	Regression	143.777	4	35.694	8.8673	.000 ^b
1	Residual	102.098	81	3.967		
	Total	245.875	85			

a. Dependent Variable: Procurement Planning

b. Predictors: (Constant), Staff Competence, Management Support, ICT tools, Budgeting procedures

The significance value is 0.000 which is less than 0.05 thus the model is statistically significant in predicting how staff competence, management support, ICT tools and budgeting procedures influence procurement planning. The F critical at 5% level of significance was 2.7278. Since F calculated which can be noted from the Anova table above is 8.8673 which is greater than the F critical (value = 2.7278), this shows that the overall model was significant

SUMMARY, CONCLUSIONS AND FURTHER RESEARCH

The nitty-gritty of this study was to explore the factors that affect procurement planning in County Governments in Kenya. This study concludes that there is a positive relationship between staff competence and the procurement planning. From the findings, a unit increase in staff competence will lead to a 0.252 increase in the procurement planning. It also concludes that, there is a positive relationship between management support and the procurement planning. From the findings, a unit increase in management support will lead to a 0.786 increase in the procurement planning. From this study, there is a positive relationship between information communication (ICT) tools and the procurement planning. From the findings, a unit increase in information communication (ICT) tools will lead to a 0.231 increase in the procurement planning. Finally, the study concludes that, there is a positive relationship between budgeting procedure and the procurement planning. From the findings, a unit increase in budgeting procedure will lead to a 0.115 increase in the procurement planning. Therefore, a unit increase in each of the independent variables will lead to an increase in dependent variable (procurement planning). The findings also indicated that top Management support has been a major contributor towards the success of Procurement planning these findings agrees with the argument by Nyumu (2010) who states that when implementing a procurement plan, it's the top management's support and commitment that is undoubtedly a prerequisite for procurement planning implementation.

The study reviewed the factors affecting procurement planning in County government in Kenya with a case study of Nairobi City County and recommendation is suggested to be carried out in other counties to find out if the same results can be obtained.

RECOMMENDATIONS

The study is a justification of the fact that, a county government with staff who are competence, the management that support procurement department, good ICT tools in place and excellent budgeting procedures will have a good procurement plan in place. The study specifically recommends that:

- 1) All departments submit their procurement plans to procurement department in good time within the set deadlines. On this area the study recommends that the top management to lead from the front. Procurement department to undertake periodic market surveys and share the information with user departments to prepare procurement plan based on the prevailing real market prices. Preparation of procurement plans is rather complex and tedious and the management needs to sensitize the users and procurement staff on the preparation and execution of procurement plans. Procurement planning is one of the

primary functions of procurement with a potential to contribute to the success of the county operations and improves service delivery. It 'fuels then ignites' the engine of procurement process. A mistake in procurement planning therefore has wide implications.

- 2) Staff competencies - the study recommends that procurement staff in the count needs to have adequate professional qualifications in purchasing and supply/procurement/supply chain management and be adequately trained and sensitized on the procurement procedures of Public Procurement Act and Regulations. This study established staff competency affects procurement planning the study therefore recommends that the county should come up with a framework that identifies the skills and competency levels required by all staff involved in the procurement planning. This will assists individuals to take ownership of their personal development through skills assessment, identification of training and development needs and career planning. The framework should also ensure compliment without replacing existing personal development tools in an organization.
- 3) Management support is very important in procurement planning therefore, top management should as a matter of urgency support the procurement department by allocating more resources and encourage trainings to improve the skills and knowledge of the procurement staff. They should ensure that there is procurement plan from all departments and are followed to improve service delivery and avoid incomplete projects. A good procurement plan is associated with sufficient resources to perform the job this includes right people to do the job.
- 4) ICT Tools- since ERP is beneficial to the county's procurement planning, the management should embrace the ICT tools in the county. They should by a matter of agency ensure that all departments use ERP so as to integrate all the departments of the county. With ERP, they will be able to make conclusive and informed decisions on the requirement of all departments and the County at large. They will be able to reduce the numerous processes that lead to unnecessary delays of service delivery in the County. The management should ensure that all staff are able to use ERP.
- 5) Budgeting procedures – Since procedural procurement is vital due to the considerable amounts of money spent annually in the public sector, the study recommends that the County should have Budgeting procedures in place. They should ensure that have procedures do not caused delays in decision making, service delivery and they should add value to compliance to set procedures. The procurement department should observe procedural transactions for the good of the population given the fact that expenditure incurred is the taxpayers' money.

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APPENDIX

Questionnaire

This questionnaire will be filled by senior managers, middle-level managers and support staff in procurement department of Nairobi City County.

PART I:

GENERAL DATA (Kindly tick as appropriate)

Gender:

Female Male

Education Level: (Kindly tick as appropriate)

Secondary College University

Any other- specify _____

Job: (Kindly tick as appropriate)

Senior Manager Middle-level manager Support staff

How long have you been in your current office?
0-2 year 3-4years 5-6 years 6-7 years 8 and above

PART II: Procurement Planning

Have you ever been involved in procurement planning before?

Yes No

Do you think Procurement planning is important to the Nairobi City County? Please tick where appropriate.

Yes No Not sure

Who are involved in procurement planning at the County?

Only the senior managers in procurement Department

Senior managers in all departments

Senior managers and Middle-level managers in procurement

All levels in procurement (senior managers, Middle-level managers and Support staff)

Others stakeholders (please specify) _____

What is your level of agreement with the following statements that relate to procurement Planning.

Use a scale of 1-5 where 1= Very great extent; 2=Great extent; 3=Moderate extent; 4= Low Extent and 5= Very Low Extent.

Statements	1	2	3	4	5
Procurement planning helps in resource allocation.					
Procurement planning helps to achieve value for money.					
Poor procurement plan leads to big budget deficits					
Procurement planning results into compliance to set procedures.					
Economies of scale are gained by uniting the requirements of different departments.					
Others please specify.....					

PART III: Top Management Support and procurement planning

In your opinion, do you think the top management supports procurement planning?

Yes No Not sure

What is your level of agreement with the following statements that relate to effect of top management supports procurement planning?

Use a scale of 1-5 where Strongly agree=1, Agree=2, Not Sure=3, Disagree=4, and Strongly Disagree=5

Statements	1	2	3	4	5
Top management supports procurement planning activities in the County.					
The top management ensures that only competent staff is involved in final procurement planning of the County.					
The top management regards procurement function important to the county government.					
The management ensures that only what is in the master procurement plan is procured.					
The management ensures that there are policies and procedures in place.					
Others please specify.....					

PART IV: Staff competence and procurement planning

How often does procurement department staff attend workshops, seminars or short courses to improve their knowledge and skills to enhance procurement efficiency?

Frequently Train Rarely Train No Training

Does the organization sponsor procurement staff for training to enable them update their skills and knowledge?

Yes No

If yes, how does the training assist in improving competence of staff?

To what extent does staff competence affect procurement planning in your organization?

Very Great extent Great extent moderate extend little extent Not at all

Do you have the necessary skills and competence needed in procurement planning?

Yes No

If yes, specify _____

What is your level of agreement with the following statements that relate to effect of staff competence on procurement planning? **Use a scale of 1-5 where 1= Very great extent; 2=Great extent; 3=Moderate extent; 4= Low Extent and 5= Very Low Extent.**

Statements	1	2	3	4	5
Staff competence influences in procurement planning.					
Lack of staff development affects procurement plan					
A challenge of getting experienced staff affects procurement planning.					
The diversity of the work involved in public procurement affects procurement planning.					
The loss of key competencies affects procurement planning					

PART V: Information Communication Technology (ICT) Tools and Procurement Planning

Does the County use ICT tools?

Yes No

If yes, which one(s). _____

Please rate the extent to which the ERP is beneficial to County's procurement plan. Please tick where appropriate.

Very High High Moderate Low Very Low

What is your level of agreement with the following statements that relate to influence of ICT Tools on procurement planning? **Use a scale of 1-5 where 1= Strongly agree=1, Agree= 2, Not Sure=3, Disagree=5, Strongly Disagree=5**

Statements	1	2	3	4	5
ICT tools assist in decision and policy making.					
ERP can help the County to integrate all the departments (Human Resource, Procurement, Planning, Engineering, Finance, etc).					
ERP system primarily supports the management and administration of the deployment of resources within the County.					
ICT tools help to manage work flow management functions controlling the numerous process flows that exist in the Enterprise					
Unified data gives you the information integrity required to develop compliance and procurement management practices.					
Others please specify.....					

PART V: Budget Procedures and Procurement Planning

Do you have policies and procedures in place for procurement planning?

Yes No

Are you happy with budgeting procedures in your organization?

Happy Not Happy

Give reason to your answer above

Are the budgeting procedures followed when drawing a procurement plan? Yes No

Has budgeting procedures improved resource allocation? Yes No

Do Budgeting procedures in place affect the procurement planning in your organization?

Yes No

If yes, how _____

What is your level of agreement with the following statements that relate to effect of budgeting procedures on procurement planning? **Use a scale of 1-5 where 1= Very great extent; 2=Great extent; 3=Moderate extent; 4= Low Extent and 5= Very Low Extent.**

Statements	1	2	3	4	5
Budgeting procedures have caused delays in decision making in the County.					
Budgeting procedures have caused delays in service delivery in the County.					
Budgeting procedures adds value into compliance to set procedures					
It is important that all are aware of the set budgeting procedures in place					
Without budgeting procedures, it would be difficult to come up with a procurement plan.					
Others please specify.....					