APPLICATION OF NAÏVE/TRANSACTIONAL PROCUREMENT MEASUREMENT SYSTEMS IN THE PUBLIC UNIVERSITIES OF KENYA

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Abstract
Procurement is the nerve centre of performance in every institution, whether public or private. To convert raw materials into goods and services, public universities have to acquire the raw materials and other requirements for the conversion. The quality, cost and timeliness of the acquisitions plays a vital role in determining the quality and value of the produced goods and services, which in the case of universities is quality graduates and value adding research. To objectively appraise the value of procurement function to an organization, it is important to use the most appropriate performance measurement systems. Most organizations continue to use naïve measurement systems in their analysis. This has led to ranking the contribution of the procurement function lowly, with some organizations considering outsourcing the function to third parties. This literature review looks at the important characteristics of a naïve performance measurement system and contrasts them with the existing conditions in the procurement functions and draws conclusion based on the above, on the suitability of continued use of a
 naïve measurement system. The review leads to the conclusion that though the pressures from within the function and the external environment push towards adoption of more complex evaluation systems, in Kenyan public universities, the function continues to be looked at as a naïve system.

Keywords: Procurement, public universities, performance measurement systems, naïve system, government funding, Professionalism, core and non-core functions

INTRODUCTION
According to Ombuki (2014), Procurement refers to the purchasing of goods and services in the right quality, from the right source and the right price all to meet a specific need. Coe (1989) notes that Public Procurement has a long history. The history is traced through on the origin of an order written on a red clay tablet, found in Syria dating from between 2400 and 2800 B.C. The public procurement system in Kenya since 1978 has evolved from a crude system with no regulations to an orderly legally regulated procurement system currently in use (Chesang, 2013). Kabaj (2003) concludes that an efficient public procurement system is vital to the advancement of all countries and is a concrete expression of their national commitments to making the best possible use of public resources.

Public Universities in Kenya
The public universities rely heavily on government funding for their operations. As such, in the spirit of transparency and accountability they should therefore develop performance measurement within their public procurement system. It is estimated that for the financial year 2012/2013, the government allocated Six billion Kenya shillings to the public universities and 60% of the funds was on direct procurement activities (GoK, 2012). There is need to measure the performance of the procurement function in the universities to ensure that that procurement directly contributes to the universities corporate objectives, identify areas for improvement especially savings and quality service, and to promote better planning and utilization of scarce financial and human resources thereby accelerating the integration of procurement into the mainstream work of all the public universities.

Performance measurement systems
Performance measurements of different functions in organizations are today gaining popularity. This is because they aid in explaining the role that functional areas play in organizational
survival and performance. Organizations are using results of performance measures to identify core functions, which they must perform internally and the non core functions, which can be outsourced. Functions that are considered as of great strategic importance, those without which the firms cannot survive and perform are termed as core. The organization then invests in such functions, with the aim of maximizing their output in a bid to gain competitive advantage. Correct identification of core and non core functions is critical.

According to Murphy and Poist (2002), a firm that incorrectly identifies core functions as non-core and outsources them can find itself at a disadvantage. Inefficiencies and sabotage from the outsourced provider can be costly to a firm leading to losses and even collapse. When successful, outsourcing can be a powerful tool for achieving competitive advantage, when unsuccessful, it can lead to suboptimal performance, lack of morale, and lost business opportunities (Stock & Lambert, 2001). According to Bill (2010), procurement is a core business function, and by outsourcing it, companies may be compromising the integrity of their contracting processes and vendor relationships, thereby reducing procurement to a less strategic role in the organization.

To correctly identify whether a function is core or non-core, appropriate performance measures must be employed. In procurement, performance measurement is the process by which procurement establishes criteria, based on strategic planning goals, for determining the results and quality of its activities (Vaidya & Soar, 2003). It involves creating a simple, effective system for determining whether procurement is meeting its objectives. From the procurement management sense, performance measures are needed to determine how effective procurement policies and practices have been to meet the stated objectives (Wittig, 2003).

For a long time, the procurement function has been evaluated using the naïve/transactional performance measures. This has been especially so in the developing countries. According to Basheka et al, (2008) there is still a knowledge gap on how the procurement process can contribute to improved performance of the procurement function in these countries. De Boer, (2007) argues that in most developing countries, the procurement function is transitioning from a clerical non-strategic unit to an effective socio-economic unit that is able to influence decisions and add value.

Dobler & Burt, (1996) argue that most developing countries are facing a problem of rapid changes in public procurement requirement. The changes are impacting pressure on how the procurement function performs its internal and external processes and procedures in order to achieve its objectives (Kattel & Lember, 2010). The ability to realize procurement goals is influenced by both internal and external forces.
Naïve/transactional performance measurement systems

In these performance measurement systems, there are no goals or criteria provided for the performance measurements of the procurement function. These systems are intended to be exploratory and are practiced without extensive knowledge, testing and validation by procurement function.

According to Reck and Long (1997), the naïve systems are synonymous with the passive phase of the evolving nature of procurement. There is no strategic direction and procurement primarily reacts to the requests of other functions. The focus is based on quick fix and routine operations with price and availability the main basis for supplier selection. This is supported by Russell Syson who holds the view that this phase can be considered more or less clerical or transactional. The perception is the same, that of routine function, not ranked highly, monitoring number of orders placed and administrative efficiency in carrying out transactions are points of concern.

The naïve system has a mode of behavior where response is dictated by a formula, but that formula is based on simplistic model. However, before introducing such a formula, the organization may look chaotic and makes a lot of random mistakes. After instituting the formula the organization avoids a lot of common predictable mistakes. The Kenyan public university procurement scene has been naïve in nature. According to Migai-Aketch (2005) the Kenya government procurement was carried out via supplies manuals that were supplemented from time to time by the government circulars. There was no legal framework and institutional structure governing the public procurement sector. The public procurement system faced a lot of challenges during this period. These challenges included lack of a uniform procurement system, lack of sanctions on breach of procedures (if any), inaccurate or incomplete procurement records and lack of professionalism, (GOK, 2012) What was in existence was a crude system that had no benchmark systems, Migai-Aketch, (2005).

Due to these challenges, the government of Kenya in collaboration with the World Bank and other donors commissioned a study to assess the country’s procurement processes and systems (Odhiambo & Kamau, 2003). It is this collaboration that eventually yielded the development and enactment of Public Procurement and Disposal Act, 2005. It would seem that the naïve system is the basis on which organizations anchor their improvement, the foremost being innovation Saunders, (2011). Innovation means doing something in a new way and anew way has to be discovered and learnt. The evolving nature of procurement in Kenya has naivety in it which has seen it give background for development. It is this development that is needed to be seen how it has impacted on the public procurement in the public universities in Kenya.
procurement field has improved in terms of regulation, human resource development, but its operational institution is still operating on Naïve or transactional basis.

**Features of a Naïve System**

Naïve system is the most basic performance measurement system. One of the hallmarks of the naïve system is lowly qualified staff. One of the major causes of public procurement problems is a lack of competent procurement workforce (Thai, 2011). The staff are mainly at clerical level and often lack specialized skills. In fact, such staff can be deployed to any part of the organization to carry out clerical duties. Engagement of competent, skilled and specialized staff is deemed as unnecessary. The perception in the organization is that any literate person can deliver in this highly clerical function.

Another characteristic of a naïve function is perception that practitioners carry out repetitive clerical transactions. According to Chesang (2013), Procurement processes are often lengthy, labor-intensive and time consuming. Such include filling standard forms to order for products and receiving goods from suppliers. Furthermore, the threshold of decision making is low. The impact of the decisions made is mainly on the procurement department and not the entire organization. The organizational strategy is not considered important in the day to day dealings of the procurement department. The staff and indeed the organization’s management do not see a direct link between the role of the procurement function and performance of the organization.

**Does the Current Situation Support the Use of a Naïve System?**

As conditions and processes undertaken by the procurement function change over time and become more complex, it necessitates the use of more complex measurement system. An overview of the existing conditions and processes in the function reveal the following:

**Competent staff**

The most effective procurement practitioners have a blend of competency, good relationship, management and communication skills and an ability to think laterally (Guinipero, 2000). Since the enactment of the Public Procurement and Disposal Act No. 3 of 2005 the professional and academic background of procurement personnel were set by law. Besides having academic training in procurement, one needs to be a registered member of the Kenya Institute of Supplies Management. Many practitioners are also registered members of international professional bodies such as the Chartered Institute of Supplies Management (CISM). These highly trained
professionals are able to handle complex and highly technical tasks, beyond the repetitive, clerical duties handled by their peers earlier on.

**Huge procurement budgets**

Overtime, as the public universities grow and expand, and as the demand for higher education rises, the budgets for procuring different requirements, goods and services grow. Year in year out, the universities grow their revenue sources and grants received from development partners and the exchequer grow. Today, procurement budgets of some universities run to tens of billions of Kenya shillings annually. In terms of budgets, the procurement function participates in the spending of the biggest chunk of universities budget, often even bigger that the human resource budget.

**CONCLUSION**

Within the last decade, there has been a lot of change in the practice and circumstances in which procurement is carried out. The increasing competency of procurement staff, the continued rise of procurement budgets, the policy and legal environments being put up to regulate the sector as well as the general realization of the importance of the function to the overall well being of the organizations as some of the changes. The above factors are shifting the function from use and reliance on the naïve performance measures. However, in most public universities in Kenya, the function continues to be looked at as a clerical function, receiving directions and being micro managed by other offices.

The main reason for this might be that top university managers have refused the function to be run professionally due to the huge budgets and other interests that come with the function such as influencing awarding of tenders. This tends to hold back the growth and professionalizing of the function. However, the continued changes both internally and in the macro environment will necessitate the transition from a naïve function to a more complex function whose influence will be felt across the entire organization.

The Kenyan situation is a paradox and unique. There is evidence of increased development of procurement professionalism, specialization and enhancing of regulatory framework but the overall shift from naïve system to a more higher level functionality has not significantly changed. It is not understood why the lethargy but it may be looked at as a combination of other factors that influence procurement and leadership of the procurement professionals.
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