

INFLUENCE OF COMPETITIVE PROCUREMENT PRACTICES ON SERVICE DELIVERY IN PUBLIC HOSPITALS IN NAKURU KENYA

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Abstract

The success or failure of any alternative service delivery depends on how well governments can manage the entire contract process, from accessing the feasibility of contracting through implementation to monitoring and evaluation. Competitive contracting has been used to ensure that goods and services of a defined quantity and quality are produced for the lowest possible cost. The purpose of the study was to assess the influence of competitive procurement practices on service delivery in public hospitals in Nakuru county Kenya. Specifically the study sought to establish the influence of competitive bids placing and evaluation criteria on service delivery in public hospitals in Nakuru County Kenya. The target population comprised of medical officers in charge of public hospitals in Nakuru County, procurement officers, and department heads from user departments in sub-county hospital and referral hospital in Nakuru County. The study adopted census technique to incorporate all the targeted respondents including 5 procurement officers, 63 head of departments from user departments and 12 medical officers in charge of the selected hospitals. Structured questionnaire was used to collect the primary data desirable for the study. Data was analyzed by use of descriptive and inferential statistics through the help of Statistical Package for Social Sciences (SPSS). The results indicate that bid placing ($R = .443$, $\beta=.596$) and evaluation criteria ($R = 0.477$, $\beta=2.33$) have a positive relationships with service delivery. The study recommends that public hospitals should

formulate more policies to emphasize on the use of competitive procurement contracting practices as they will help to reduce corruption, ensure quality and low cost as well as improve service delivery. Public hospitals should only be evaluated in terms of the criteria stipulated in the bidding documents.

Keywords: Procurement, Bidding, Competitive Contracting, Supplier Capacity, Evaluation Criteria

INTRODUCTION

Procurement contracting practices include non-competitive contracting, competitive contracting, negotiated contracting, and relational contracting. In competitive procurement contracting the provision of public services or products is awarded competitively (Chesang, 2013). Government institutions seek competitive bids to provide particular goods and services. In relation to non-competitive contracting, the contracting process is without choices from market competition and candidates are not chosen through competitive processes (Agagu, 2008). A competitive contract opens the field for many different businesses to try and win the work offered in the contract.

Competitive contracts give the procuring entity an opportunity to review many different businesses and select the one it feels most appropriately suits the particular project needs. The public agency establishes quality and quantity specifications and sends invitation to bid. The competitive market responds to the invitation, and one or more producer is selected to provide a specific service for a period of time. Parkera and Hartley (2003) indicate that one of the main challenges facing procurement contracting practices in public institution is increase in corruption and collusion due to the use of non-competitive procedures.

Other challenges include public-private contracting, uncontrolled agency costs, misaligned incentives, costs akin to negative externalities, market failures, lack of stakeholders involvement, compliance with best practices; top management support, quality of goods and services, professionalism or quality of procurement workforce (Ware & Kynoch, 2013). In China, the contracting processes have evolved from a single-price criterion to multi-criteria that include price (cost), time, quality, etc. All tenders are assessed by a tender evaluation committee and the detailed tender evaluation criteria are prepared by this committee one day before the opening of the tenders, to avoid any unfairness in the tendering process (Jiangsu Provincial Construction Commission, 2013).

To ensure sanity and value for money in the public procurement landscape, the government of Ghana launched the Public Financial Management Reform Programme (PUFMARP). The purpose of the programme was to improve financial management in Ghana. PUFMARP identified weaknesses in the procurement system. Some of these weaknesses included: lack of comprehensive public procurement policy, lack of central body with technical expertise, absence of clearly defined roles and responsibilities for procurement entities (Ameyaw, Mensah & Osei-Tutu 2012).

The Kenyan Government relies on contractors to take care of many of the logistics necessary to keep our government running smoothly. More so, many large public corporations and institutions in Kenya rely on procurement to access most of their products and services, through purchasing and sourcing as well as tendering and contracting. In order to ensure fairness during the bidding process, the Government through the Public Procurement Oversight Authority (PPOA), Public Procurement and Asset Disposal Act (PPDA) of 2015, and the Procurement Regulations of 2015 entrenched the concept of competitive procurement in all government agencies. Despite these standards, Kenya loses a lot of taxpayers' money to improper procurement practices (RoK, 2013).

Poor procurement practices have also hampered service delivery in most government entities. In the public healthcare sector, service delivery challenges are epitomized by lack of essential equipment and materials, inefficient utilization of resources, uneven distribution of health care personnel, and ballooning burden of disease (Muga, 2004). This is a significant problem given that the public sector runs about 52% of all healthcare facilities in the country (GoK, 2007). Most public hospitals are in bad conditions characterized by dilapidated facilities, obsolete medical equipment, inadequate drugs and low bed capacity in the wards (Kenya Health Policy, 2014). Patients suffer in grief, due to inadequate care from medical personnel who complain about insufficient medical equipment and low pay among other poor working conditions. These factors can be linked to the procurement practices employed in the respective public health facilities in question (MOH Survey, 2015).

In Nakuru County, poor quality of service delivery at health facilities led to the formation of the Quality Assurance Steering Committee in the year 2010 whose main objective was to ensure continuous delivery of quality service to the patients. In a survey carried out by the Kenya Anti-Corruption Commission of Kenya (2010), it was revealed that even though the government supplies drugs to facilities most patients in the county were being compelled to buy own drugs and other items such food and equipments (Kenya Anti-Corruption Commission, 2010). This indicates that the quality of healthcare in these public institutions has greatly declined.

Statement of the Problem

According to health sector performance report 2013 and 2014, health institutions are ailing from shortage of drugs or holding on expired drugs. Health Centre and dispensaries are hardly stocked with the recommended medicines. High rate of expired drugs in dispensaries and other public hospitals indicates poor planning and high wastage of public resources in the counties, thus affects efficient delivery of quality services. Procurement is an important part of efficient management and supply. An effective procurement process ensures the availability of the right medicines in the right quantities, at right time for the right patient and at the right prices and at recognizable standards of quality (WHO, 2007).

Like in the other parts of the country the health sector in Nakuru County has been facing numerous challenges under the devolved systems. With the introduction of county government the procurement procedures in hospitals have greatly changed. Unlike the previous system whereby KEMSA supplied drugs, health facilities are free to source for medical facilities from any supplier in the current system. This has sometimes contributed to delay in delivery of drugs or in worst scenario compromise on the quality of drugs supplied. The procedure is quite tedious since the county government has to be involved in the whole procedure since it's the one which gives the authority to incur expenditure.

Various studies have been conducted on competitive contracting. Chesang (2013) did a study on public procurement contracting practices and its effect on procurement performance in selected ministries headquarters in Nairobi County. Mwangi (2014) conducted a study on the impact of public procurement contracting policy on teaching and learning in public secondary schools in Kahuro district. However, these studies were not specific on the type of procurement practice. This study therefore sought to establish the influence of competitive procurement practices on service delivery in public hospitals in Nakuru county.

General Objective

The general objective of the study to assess the influence of competitive procurement practices on service delivery in public hospitals in Nakuru county Kenya.

Specific Objectives

- i. To determine the influence of bids placing on service delivery in public hospitals in Nakuru County Kenya.
- ii. To find out the influence of evaluation criteria on service delivery in public hospitals in Nakuru County Kenya.

Research Hypotheses

H₀₁: Bids placing has no significant influence on service delivery in public hospitals in Nakuru County Kenya.

H₀₂: Evaluation criteria have no significant influence on service delivery in public hospitals in Nakuru County Kenya.

THEORETICAL REVIEW

This study was guided by the Efficiency Theory and Agency Theory.

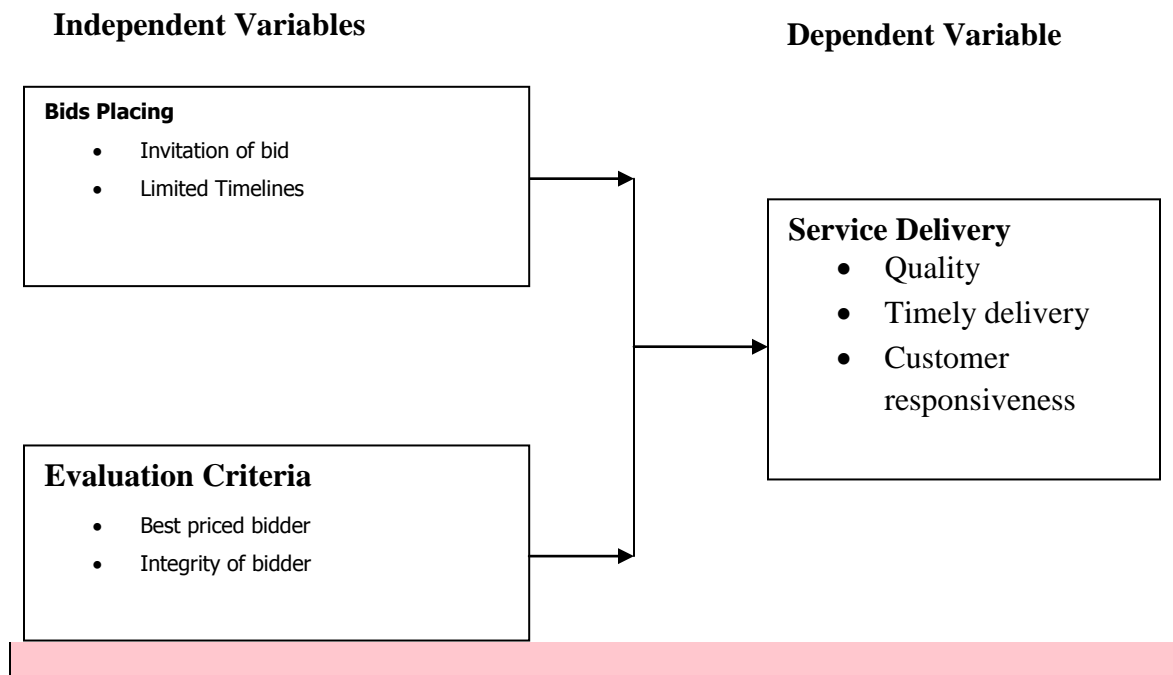
Efficiency theory

Efficiency Theory was first conceptualized by Richard Posner in the 1970s. It assumes that parties value assets more or less correctly and that their transacting choices are motivated solely by wealth maximization goals (Harry; Entwistle, & Martin. 2006). This theory also assumes the absence of negative externalities. An externality is an effect that a transaction between one set of parties puts on other parties who were not a part of the deal (Ware & Kynoch, 2013). A positive externality is a benefit to non-parties, whereas a negative externality imposes costs on non-parties. If a transaction has a negative externality, then the true cost of the transaction is higher than that paid by the parties. Efficiency theory is typically applied “to contracts between firms that do not create negative externalities.” In the absence of externalities, and where there is a competitive market, theory states that efficient transacting occurs (Bower, 2012).

Agency theory

Agency theory was developed by Stephen Ross and Barry Mitnick in 1973. It states that agency costs arise from the conflict of interest between a principal and an agent. This conflict results, for example, when managers, who are responsible for important decisions of the firm, are not the primary claimants of the firm’s net assets, and thus do not bear a major share of the wealth effects of their decisions. Control procedures, such as the use of contracts, are necessary to align the actions of the managers (the agent) with those of the residual claimants, the shareholders (the principals). Agency theory stresses that such means of contracting reduce agency costs by coordinating the goals of the principal and the agent (Kumarappan & Joshi, 2014). Agency theory predicts that in a well-functioning market, where there is perfect information and the ability to monitor, there should be little difficulty aligning incentives between principals and agents.

Figure 1. Conceptual Framework



EMPIRICAL REVIEW

The procurement practices are concerned with acquisition of goods and services from reliable sources to ensure the organization meets their strategic goals in an efficient, effective and economic way. According to Monczka, (2014) good procurement practices result to; effect on quality, savings on cost and contribution in the technology advancement. Singhal (2011) notes that, disruptions in the procurement practices within the global scope ravage the organizational performance. In this case, poor procurement practices have implicit effect on company share prices and profitability hence the need to curb any loophole that can affect business continuity (Christopher, 2008). In his study, Salim (2013) concluded that staff inadequacy, disputes caused by late delivery by suppliers, poor quality of works/services, vague specifications and supplier's technical incapability affect effectiveness of service delivery of organizations

Bid Placing

According to Lysons and Farrington, (2006) bidding is a procurement procedure whereby potential suppliers are invited to make an offer on the price and terms in which they will supply specified goods, services, or works which on acceptance shall be the basis of a subsequent contract. In a study by Zack (1993) found that one of the most concerning reasons is the practice of a contractor intentionally submitting an artificially low bid in anticipation of making their profit through change orders and claims. Some bidders carefully review the bid documents

searching for mistakes and ambiguity in areas that could lead to change orders and claims during the project.

Some factor directly affects bidding decision and should be considered in the decision process. While considering an opportunity for the company, the bidding team usually focuses on the following features: alignment of the opportunity to the organization's objectives and policies, contractor's core business strategy, current work pressure, availability of research, competition, Current market conditions, capability to perform the contract, financial conditions of firm, type and size of the project, project location etc. (Lowe & Parvar 2004). When competitive bidding is required, the award of the contract is made to the lowest priced responsible bidder which has complied with the specifications. A bidder is entitled to reasonable notice and opportunity to be heard before a determination of non-responsibility is made (Gildenhuys, 2002).

The study by Ku, Malhotra, and Murnighan (2005) demonstrated that competition can cause bidders to become more aggressive, in what they call "competitive arousal." Similarly, Ariely and Simonson (2003) argue that bidders may enter an auction when the price is relatively low and then become attached not necessarily to the item but to the prospect of winning, leading them to increase their bids many times, perhaps at the last minute, after being outbid

Evaluation Criteria

According to Pettijohn (2004), the procurement department coordinates, analyzes, and evaluate bids against set criteria and specification requirements, and presents the analysis to the procurement appointed committee for verification of supplier capability and quality control/assurance processes. Babich and Pettijohn, (2004) states that the evaluation process consists of the preliminary examination and evaluation of the offers received, and considered to be valid, to assess their responsiveness to specifications and requirements as defined in the solicitation document, analyze their cost and benefit, and determine their price and value.

Evaluation is conducted by a designated evaluation team and in accordance with the relevant regulations, rules and procedures, using the evaluation criteria and method pre-determined in the solicitation document in order to conduct a fair and unbiased evaluation (Babich & Pettijohn, 2004). The evaluation process also needs to be transparent, and therefore each step of the process documented in an evaluation report which subsequently is the basis for the recommendation of award (Babich & Pettijohn, 2004). During evaluation, communication with tenderers only allowed for clarification purpose and no negotiations are allowed.

Evaluation is the most crucial phase of tendering that all the parties involved directly or indirectly, keep a sharp eye on. A reasonable source selection, made consistently with the predetermined rules, gives good grounds for successful implementation of the contract and

develops the tendering entity's prestige (Kovacs, 2008). According to Lyons (2005), the department evaluates and select suppliers based upon price, quality, availability and reliability. Kovacs, (2008) also highlight that one of the things a tendering entity is mostly short of is financial resources; therefore costs-consciousness is one of the highest priorities in tendering practices.

Accordingly to Van Bon (2005), states that bids may only be evaluated in accordance with the evaluation criteria stipulated in the bid documentation. When any bid is passed over or regarded as non-responsive, the reasons for passing over such bid must be defensible in any court of law. According to Hardy (2011), bid evaluation is used to indicate the procedure for strategic assessment to tender bids submitted by pre-qualified contractors. The strategy used for bid evaluation should reflect the client's objectives.

Summary and Gaps

According to existing literature, competitive contracting is the provision of a public service through a competitively awarded contract, where a public agency seeks competitive bids to provide a particular public service. Competitive contracting satisfies two basic conditions for contracting: independence on the part of the two contracting entities and definite aims of the service purchase contract Available literature shows that competitive contracting can enhance the efficiency of procurement processes by allowing the procuring entity to evaluate as many contractors as possible.

Various studies have been conducted to examine factors that influence competitive procurement practices. Parkera and Hartley (2003) indicate that one of the main challenges facing procurement contracting practices in public institutions is increase in corruption and collusion due to the use of noncompetitive procedures. However, this study did not address challenges facing procurement contracting practices in private institution. Studies by Patrick (2008) and Edward (2009) sought to explain the status of effective procurement practices in Kenya but do not offer practical solution on how government training institutions should embrace effective procurement practices.

A study by Moses (2009) found that application of poor sourcing strategies is a key impediment to implementation of effective procurement practices in many government institutions in Kenya. However, this study was not specific on the type of procurement practices hence developing a major knowledge gap on competitive procurement practices. This study aims to fill the missing gaps by determining the influence of competitive procurement practices on service delivery.

RESEARCH METHODOLOGY

The study adopted a descriptive research design. This kind of design is useful in collecting information about peoples' attitudes opinions, habit or social issues, (Orodho, 2009). In this research, the opinion of the respondents was sought in regard to the effect of competitive contracting practices on service delivery among health facilities in Nakuru County.

Target Population and Sample

The target population comprised of 80 officers who included medical officers in charge, procurement officers and department heads from user departments in the selected health facilities in Nakuru County. The study concentrated on sub-county hospitals and the referral hospital. The study adopted census technique to incorporate all the targeted respondents. Therefore the study sample size was 5 procurement officers, 63 head of departments from user department and 12 medical officers in charge of the 12 selected hospitals.

Data Collection Instruments and Procedures

Questionnaire was the main instrument for data collection. The design of the questionnaires was based on a multiple-item measurement scale. A five-point Likert Data was employed, using a list of response categories ranging from strongly agree to strongly disagree where 5=Strongly Agree, 4=Agree, 3=Undecided, 2=Disagree and 1=Strongly Agree. The questionnaire was divided into six sections. A pilot study was conducted to discover possible weaknesses, inadequacies, ambiguities and problems with the research instruments and procedures. Data was collected using drop and pick later method which was collected after two weeks.

ANALYSIS AND DISCUSSION OF FINDINGS

Response Rate

Out of the 80 questionnaires that were administered during data collection, 62 (78 percent) were properly filled (based on absence of missing values) and returned. Mugenda and Mugenda (2012) suggested that a response rate of 50% is adequate, 60% is good and 70% and above very good for analysis.

Demographic Information

The demographic information presented is on the gender of the respondents, education level of the respondents and duration the respondents had been working in the organization.

Gender Representation of the Study Subjects

The respondents were also asked to indicate the gender representation of the study subjects. The findings we as presented in table 1.

Table 1: Gender representation of the study subjects

Gender	Frequency	Percentage
Male	37	59
Female	25	41
Total	62	100

According to the findings, 59% of the respondents were male while 41% were female. This shows that majority of the respondents involved in procurement processes in public health facilities in Nakuru County are Male.

Respondents' Highest Level of Education

As shown in Table 2, 47% of the respondents indicated that they had attained post graduate education, 30% indicated that they had attained university education while 23% indicated that they had college education. This shows that majority of the respondents had attained post graduate education. The education level determines the efficiency of a procurement officer. Officer with high education level tend to perform better.

Table 2: Respondents' Highest Level of Education

Level of Education	Frequency	Percentage
Post Graduate	29	47%
University	19	30%
College	14	23%
Total	62	100%

Duration Worked in the Current Organization

The respondents were also asked to indicate the duration the respondents had been working in their current organization. The findings were presented in Table 3.

Table 3: Duration Worked in the Current Organization

Duration of Service	Frequency	Percentage
Less than 3 Years	13	21%

3-9 Years	30	49%
9-12 Years	14	23%
More than 12years	5	7%
Total	62	100

Table 3...

49% respondents indicated that they had been working in their current organization for 3-9 years, 23% stated they had been working in their current organization for 9-12 years, 21% stated they had been working in their current organization for less than 3 years while 7% stated they had been working in their current organization for more than 12 years. Thus majority of the respondents had been working in their current organization for more than 3 years.

Descriptive Analysis

The study requested respondents to give opinions regarding bids placing, evaluation criteria, and service delivery in their current organizations. The interpretation of the findings was made based on the mean and standard deviation. The value of the mean ranged between 1-5, with 1 being the least mean and 5 being the highest mean.

Bids placing Practices in the Public Hospitals

The respondents were asked to indicate their level of agreement on the influence of bids placing on service delivery in public hospitals. The findings were as indicated in Table 4.

Table 4: Bids placing on service delivery in public hospitals

	SA	A	U	D	SD	Mean	Std
	%	%	%	%	%		
The organization always seeks competitive bids from its suppliers for service provision over a particular period of time	26	47	17	10	0	3.887	0.907
Competitive bidding ensure productivity and quality are attained	37	45	13	5	0	4.113	0.870
Competitive bidding ensures there is value for money	55	42	3	0	0	4.516	0.565
Non-Competitive bidding is used to procure unique contractor expertise or services	57	37	6	0	0	4.500	0.621
Non- Competitive is used to avoid delays occasioned if a competitive procurement was to be used.	39	44	11	6	0	4.145	0.866
Non-competitive bidding is appropriate when the requirements are of such an unusual and compelling urgency	45	37	13	5	0	4.226	0.857

According to the findings, majority of the respondents (73%) agreed that the organization always seeks competitive bids from its suppliers for service provision over a particular period of time with a mean of 3.887. The findings further indicated that majority of the respondents (82%) agreed that competitive bidding ensure costs, productivity and quality are attained with a mean of 4.113. In addition majority of the respondents (97%) agreed that competitive bidding ensures there is value for money with a mean of 4.516.

The findings further indicated that majority of the respondents (94%) agreed that non-competitive bidding is used to procure unique contractor expertise or services with of mean 4.500. In addition, majority of the respondents (83%) agreed that non- competitive bidding is used to avoid delays occasioned if a competitive procurement with a mean of 4.145. Finally, majority of the respondents (82%) agreed that that non-competitive bidding is appropriate when the requirements are of such an unusual and compelling urgency with a mean of 4.226.

The standard deviation ranged between 0.565 to 0.907 indicating that the dispersion of the respondents from the mean was minimal. The study is in line with Gildenhuis, (2002) who argued that competitive bidding is required, the award of the contract is made to the lowest priced responsible bidder which has complied with the specifications. The study further agreed with Ariely and Simonson (2003) who argued that bidders may enter an auction when the price is relatively low and then become attached not necessarily to the item but to the prospect of winning, leading them to increase their bids many times, perhaps at the last minute, after being outbid. Lowest bidding contractor is one of the major causes of the poor performance of a construction project.

Evaluation Criteria on in the Public Hospitals

The respondents were asked to indicate their level of agreement on the influence of evaluation criteria on service delivery in public hospitals. The findings were as indicated in Table 5.

Table 5: Evaluation criteria on service delivery in public hospitals

	S	A	U	D	SD	Mean	Std
	%	%	%	%	%		
Evaluation criteria ensure that the selected bidder does not really have to be the lowest	52	39	9	0	0	4.419	0.667
The government does not use evaluation criteria when seeking a unique contractor expertise or services	37	31	19	13	0	3.887	1.073

Evaluation criteria ensures that the lowest priced bid has been selected	44	40	6	10	0	4.177	0.932	Table 5...
Evaluation criteria ensures that the selected bidder is reliable	37	39	10	14	0	3.984	1.032	
Evaluation criteria ensures the uprightness of the bidders	42	39	11	8	0	4.145	0.921	
Evaluations develop the rapport and communication protocol that it's important in the delivery of quality products and services	53	45	2	8	0	4.516	0.921	

According to the findings majority of the respondents agreed (91%) that evaluation criteria ensure that the selected bidder does not really have to be the lowest indicated with a mean of 4.419. The findings further indicated that majority of the respondents (68%) agreed that government does not use evaluation criteria when seeking a unique contractor expertise or services with a mean of 3.887.

Also, the findings indicated that majority of the respondents (84%) agreed that evaluation criteria ensures that the lowest priced bid has been selected with a mean of 4.177. Further majority of the respondents (76%) agreed that the evaluation criteria ensures that the selected bidder is reliable with a mean of 3.984. Majority of the respondents (81%) also indicated that the evaluation criteria ensures the uprightness of the bidders with a mean of 4.145. Finally majority of the respondents (98%) agreed that evaluations develop the rapport and communication protocol that it's important in the delivery of quality products and services with a mean of 4.516. The standard deviation ranged between 0.667 and 1.073 indicating that majority of the respondents agreed with the issues raised.

According to Kovacs, (2008) evaluation is the most crucial phase of tendering that all the parties involved directly or indirectly, keep a sharp eye on. A reasonable source selection, made consistently with the predetermined rules, gives good grounds for successful implementation of the contract and develops the tendering entity's prestige. Moeti (2007) argue that all bidders should be invited to attend the awarding of tenders, as this goes a long way towards mitigating claims by bidders and other interested parties of tenders having been unfairly awarded.

Service Delivery in Public Hospitals

The respondents were asked to indicate their level of agreement on the level of service delivery in public hospitals. The findings were as indicated in Table 6.

Table 6: Service delivery in public hospitals

	S	A	A	U	D	SD	Mean	Std
	%	%	%	%	%	%		
Majority of patients always come back when in need of service	37	34	10	16	3	3.855	1.185	
Patients are attended within the set time-lines	55	34	8	3	0	4.403	0.778	
The hospitals receive new patients who are referred by their friends.	44	46	7	3	0	4.307	0.738	
Customers are satisfied with the service provided	37	44	16	3	0	4.145	0.807	
General patient satisfaction surveys are conducted	55	33	7	5	0	4.387	0.869	
Compliance with a treatment plan is monitored	44	50	6	0	0	4.371	0.607	

According to the findings majority of the respondents (71%) agreed that majority of patients always come back when in need of service with a mean of 3.855. Majority of the respondents (89%) also agreed that patients are attended within the set time-lines with a mean of 4.403. They further agreed (90%) that hospitals receive new patients who are referred by their friends. indicated with a mean of 4.307.

In addition majority of the respondents (81%) agreed that customers are satisfied with the service provided with a mean of 4.145. Majority of the respondents (88%) also agreed that general patient satisfaction surveys are conducted with a mean 4.387. Majority of them (94%) also agreed that compliance with a treatment plan is monitored with a mean of 4.371. The standard deviation ranged between 0.607 and 1.185 indicating that majority of the respondents agreed with the issues raised.

Correlation Analysis

Bids placing and Service Delivery in the Public Hospital

The study sought to establish the correlation between bid placing and service delivery in public hospitals in Nakuru County. The findings of the study are as shown in Table 7.

Table 7: Bids placing and service delivery

		Service Delivery
Bids Placing	Pearson Correlation	.443**
	Sig. (2-tailed)	.000
	N	62

** . Correlation is significant at the 0.05 level (2-tailed).

As indicated in Table 7, the study indicates that there was a moderate positive and statistically significant correlation between bid placing and service delivery. ($r = 0.443$; $p < 0.05$). This implies that an increase in efficiency in bid placing results to an improvement in service delivery.

Evaluation Criteria and Service Delivery in the Public Hospitals

In addition the study sought to establish the correlation between evaluation criteria and service delivery in public hospitals in Nakuru County. The findings of the study are as shown in Table 8.

Table 8: Evaluation criteria and Service Delivery

Evaluation criteria	Pearson Correlation	Service Delivery
		.441**
	Sig. (2-tailed)	.006
	N	62

** . Correlation is significant at the 0.05 level (2-tailed).

As indicated in Table 8, the study indicates that there was a moderate positive and statistically significant correlation between evaluation criteria and service delivery. ($r = 0.441$; $p < 0.05$). This implies that an increase in effectiveness in evaluation criteria results to an improvement in service delivery.

Regression Analysis

Regression analysis was also conducted to further examine the relationship between bid placing, and evaluation criteria, and service delivery in public hospital. Table 9 presents the outcome of the analysis.

Table 9: Regression Coefficients

Model	Unstandardized Coefficients		Standardized	t	Sig.
	B	Std. Error	Coefficients		
(Constant)	.038	.145		.260	.796
1 Bids Placing	.596	.107	.548	5.548	.000
Evaluation Criteria	.233	.081	.245	2.877	.006

According to the intercept (β_0), when the two independent variables are held constant, the value of service delivery in public hospital in Nakuru County will be 0.038. In addition, holding

evaluation criteria constant, a unit increase in bids placing would lead to a 0.596 improvement in service delivery in public hospital in Nakuru County. The relationship was significant as shown by a p-value of 0.000. Further, holding bid placing constant, a unit increase in evaluation criteria would lead to a 0.233 improvement in service delivery in public hospital in Nakuru County. The relationship was significant as shown by p-value of 0.006.

CONCLUSIONS

From the findings the researcher concluded that non-competitive bidding is used to procure unique contractor expertise or services. From the findings the researcher also concluded that hospitals use non-competitive contracting process to avoid delays occasioned with competitive procurement. Public hospitals consider non-competitive bidding when the requirements are of such an unusual and compelling urgency. From the findings, the research concluded that both bid placing and evaluation criteria have a significant influence on service delivery in public hospital in Nakuru County Kenya. However, bid placing has the most significant effect.

RECOMMENDATIONS

The study recommends that the public hospitals should formulate more policies to emphasize on the use of competitive procurement contracting practices as they will help to reduce corruption, ensure quality and low cost as well as improve service delivery. To ensure the quality of contractors, the evaluation criteria should be done comprehensively. Public hospitals should only be evaluated in terms of the criteria stipulated in the bidding documents. Amending the evaluation criteria after closure of the bids should not be allowed, as this would jeopardize the fairness of the system. Points scored for price must be added to points scored for goals before the contract is awarded to the bidder who scores the highest points. Instead of being biased towards the lowest price, selection criteria should include quality, time, delivery, service, flexibility, financial status, capabilities, ethics, and social responsibility.

Scope for Further Studies

The study recommends replication of the above study in another county in order to establish whether similar findings will be obtained. Further research should be carried out to assess the impact of non-competitive contracting on service delivery in hospitals.

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