

SIGNIFICANCE OF TRAINING ON ETHICAL PROCUREMENT PRACTICES AMONG COUNTY REFERRAL HOSPITALS IN KENYA

Gloria Beth Muthoni 

PhD candidate, Kabarak University, Kenya

glorybem@gmail.com

Emmanuel Awuor

School of Business and Economics, Management University of Africa, Kenya

Joel Koima

School of Computer Science and Bioinformatics, Kabarak University, Kenya

Abstract

The purpose of the paper was to determine the significance of training on ethical procurement practices among county referral hospitals in Kenya. The study was anchored by the stakeholders' theory and guided by cross sectional survey design. A census was conducted on in the level 5 county referral hospitals in Kenya. Procurement department professionals working in county referral hospitals were targeted as the study respondents. Data was collected using structured questionnaire. The findings from content analysis show training plays a key role on instilling ethical procurement practices. External stakeholders have been at the lead of conducting trainings on ethical procurement practices. The findings on areas of trainings were triangulated with the four pillars model of public procurement systems. The study contributes on the value of undertaking trainings on ethical procurement practices and recommends that county referral hospitals should enact trainings as an avenue to enhance ethical procurement practices.

Keywords: Trainings, Procurement, Ethical procurement Practices, Kenya

INTRODUCTION

While as the benefits of ethical procurement are patent- long-term efficiency and effectiveness, stakeholder's satisfaction and long term competitive advantage (Ayoyi & Odunga, 2015)- procurement department is still the most vulnerable business function to unethical conduct. Therefore inculcating ethical procurement practices is valuable to organisations. Organisations focus to cut cost often leads to the undermining ethical issue. It is therefore important for organisations to instill ethical procurement practices through capacity building. With the prevalent ethical dilemma shrouding Kenya procurement- novel rules have been enacted to streamline the procurement process (Public Procurement Disposal Act).

Training in an institution refers to the acquiring of skills, knowledge and skills that allows personnel to learn and re-learn. Training is an instructive process where fresh and novel information is entrenched. It also makes an avenue for old information to be reinforced (Long, Kowang, Chin & Hee, 2016). By and large, it is vital for staff to update and upgrade skills. Training in an organization can be helpful to employees in order to help them modify their practice so as to conform to new rules that mandate the profession (Swaminathan & Shankar, 2011). Training will therefore transcend employee weakness and create consistency in job performance. This consistency of work enhances productivity and ultimately translates to better service delivery. Training is therefore a necessity and organizations ought to invest duly in training.

Training links the cavity that exists between personnel existing skill with the actual job requirements. It is therefore a continuous process that impacts behavior of the individual and the organizational performance (Bhartiya, 2015). Increase in skills has empirically associated with increasing performance for employees and organizations (Bhat, 2013, Nganga et al., 2013 and Gunu et al., 2013). Training is associated with competitive advantage therefore impacting organisation development. This research seeks to empirically test if training has a role in correcting behaviour of an employee as suggested by (Naris & Ukpere, 2009)& Truitt (2011) who also asserts that training makes a positive impact on employees' attitude.

METHODOLOGY

This study uses triangulation or a blend of positivism and phenomenological approach. Cross sectional survey research design was employed. Primary data instrument used for this survey was questionnaires. A census was undertaken in all the Level 5 hospitals in Kenya with a target of 172 professionals in procurement department from whom questionnaires were issued on a "drop & pick" method.

Content analysis was used to cross validate previous empirical research findings approach method putting more confidence in the research evidence (Gall et al., 2003). The section sought respondents views on ethical procurement issues such as whether participants had trainings on ethical procurement, organizers of the trainings where applicable and topics covered during the supposed trainings.

The respondents views were ordered into themes were classified into topics which in essence were responding to the study objectives. The qualitative data once transcribed into themes was analyzed, interpreted and presented by use of pie-charts and percentages. Subject of study under this section included views on ethical procurement issues such as whether participants had trainings on ethical procurement, organizers of the trainings where applicable and topics covered during the supposed trainings.

ANALYSIS AND DISCUSSION OF RESULTS

Trainings on ethical procurement practices

Respondents were asked to point out if trainings had been conducted in county referral hospitals on ethical procurement practices. Figure 1 presents results. Results showed that majority of the respondents (69%) stated that trainings had been undertaken while 31% indicated that no trainings had been done. Results show that for majority of county referral hospitals trainings are part and parcel of the normal customs that their leadership enacts.

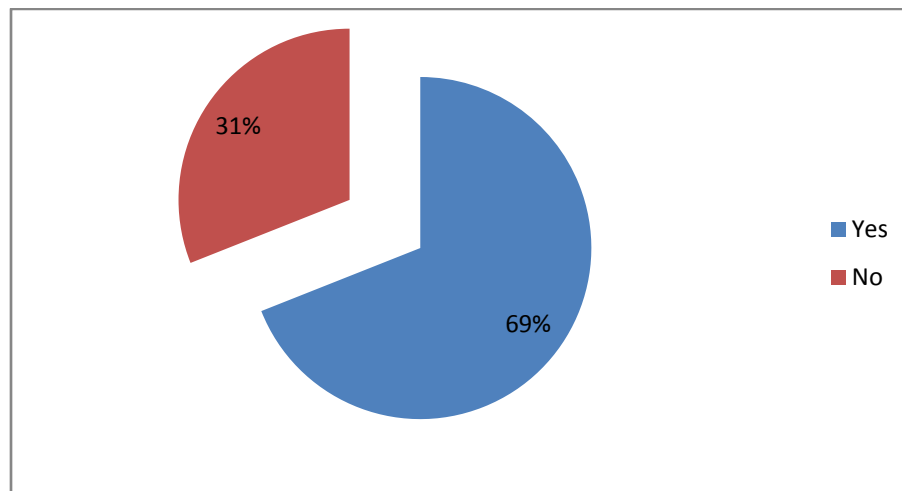


Figure 1 Trainings on ethical procurement practices

Organizers of ethical procurement trainings

Respondents were asked to state the organizers of the trainings that had been conducted in their institutions. Figure 2 presents results. Results showed that from a majority of the

respondents (30%) of the trainings were done by procurement professional bodies such as KISM and CIPS. County government came in second organizing 22% of the trainings. Institutions internal heads of procurement/ supply chain or medical superintendents came third organizing 14% of all the trainings. PPRA followed with 12% of all the trainings that had been conducted, next was National Government and parastatal each organizing 8% of the trainings that had been conducted. The World Bank also took 4% share in organizing of trainings on procurement in county referral hospitals and lastly at 2% was private management consulting firms. Taking an comprehensive view on organizers of the procurement training over half of them (64%) have been conducted by external stakeholders being professional bodies, PPRA, National Government, Parastatals, Private entities and the World bank. The collaboration with external stakeholders is a profound mark of public leadership in enhancing ethical practices. Slightly over a third (36%) of all the trainings has been steered internally.

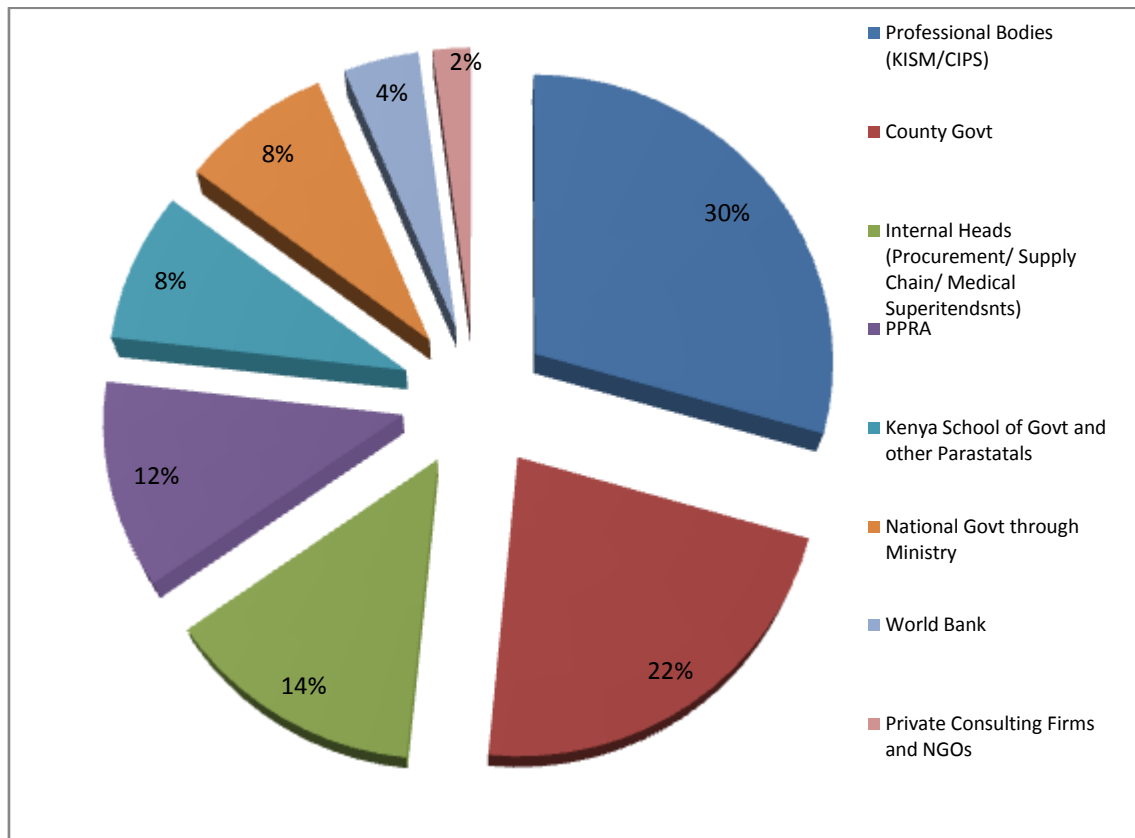


Figure 2 Organizers of ethical procurement trainings

Topics of ethical procurement trainings

Respondents were asked to mention topics of the trainings that had been conducted in their institutions. Figure 3 presents results. Results showed that majority of the trainings covered

procurement practices (27%). Ethical practices were explicitly covered making up 20% of the trainings topics coverage. PPDA Act and policies came third at 13% of all training content coverage. The use of IFMIS was also trained on making up 10% of training coverage. Stock management and control followed at 9% of all the trainings content that had been covered, next was cost and quality management at 7% of the trainings topics that had been conducted. Supplier relationships accounted for 5% portion in topics trained on procurement. Subsequently was procurement documentation at 3%, asset disposal, risk minimization & leadership and professionalism in procurement each topic at 2%.

To support this finding, the Public Procurement and Disposal Act 2005 was ratified by government in December, 2006. The Public Procurement and Disposal Regulations 2006 were gazetted to operationalize the Act, effective from 1st January, 2007 according to the provisions of the Act. The Act established procedures for procurement and the disposal of unserviceable, obsolete or surplus stores and equipment. The objective of the act is stated as being six fold: one- to maximize economy and efficiency; two- to promote competition and ensure that competitors are treated fairly; three- to promote the integrity and fairness; four- to increase transparency and accountability, five- to increase public confidence in those procedures; and six- to facilitate the promotion of local industry and economic development (Juma, 2010; PPOA, 2010). This supports the study finding as one core area for trainings in county referral hospitals.

Procurement documentation or records are central piece of a transparent system. Records, affirmed Thurston (2002), are vital to the processes of any entity. Any institution that has no institutional memory is guaranteed to flop. Success of an institution cannot be pegged on human memory to retain transactions track. Procurement records are an important resource for effective operations. To safeguard integrity of records, management systems- records ought to be accurate, accessible, original, free from interfering, reliable and able to divulge institutional memory for knowledgeable decision making. The records should be stored in orderly and accessible manner. This backs the need for training on procurement documentation.

Literature (Edward, 2009 & Wanyama, 2013) supports the finding that professionalism was amongst the identified training areas in county referral hospitals in Kenya. Procurement being a complex area in terms of ethical dilemmas, procurement professionals needs to recognize and formulating approaches for handling all these complex challenges. The professionals ought to spearhead efficiency and effectiveness in spite of the various forms of challenges they contend with from diverse sources. To maneuver the intricate procurement work environment, it is essential that staff need to educate themselves and equip themselves with fresh and updated professional skills as a matter of become urgency. Skills refer to the

capacity of performing specific behavioral task or specific cognitive processes as related to some specific task.

Stock (inventory) management and control training content is consistent with a study undertaken by Mathiasa & Owuor (2015) to determine effects of inventory management system on organizational performance: case study of grain bulk handlers limited. The study findings established that the organization performance is related to its inventory management system. The study concluded that organizations ought to display the four inventory management system attributes of inventory control, inventory speed, inventory cost, and inventory. The study revealed a strong and positive relationship between inventory management system and organizational performance with three variables; inventory speed, inventory cost and inventory accountability. In county referral hospitals stocks being pharmaceutical and non-pharmaceutical items ought to be managed responsibly in terms speed of stock movement (turnover), stock cost and stock accountability as key aspects of ethical procurement practices.

Disposal is a component of the procurement cycle. It ought to be considered prior to procurement of an item. When considering life cycle procurement, how an equipment or item will be essentially disposed of makes part of the procurement costs. Disposal literally means detaching off or clearance of what one does not need. Disposal as defined by Ndolo and Njagi (2014), means disengaging on possession from what was once useful to oneself. It is therefore vital that every public entity plans for disposal of assets/equipment. Asset disposal is therefore a relevant training theme for county referral hospitals in line with provisions of PPDA Act 2015.

The respondents indicated that trainings covered how to handle supplier relationships. Supplier relationships management is the comprehensive approach of working collaboratively with suppliers as important stakeholders of an organisation. Suppliers have a vital role in an organisation success and mutually beneficial relationships ought to be pursued. A study conducted by Nyamasege & Biraori (2015) to determine the effect of supplier relationship management on the effectiveness of supply chain management in the Kenya public sector. The study findings indicated that supplier relationship management significantly determines the effectiveness of supply chain management practices. The study concluded that supplier collaboration and supplier development should be enhanced. The study noted that lack of a comprehensive approach for managing interactions with suppliers affected realization of increased effectiveness on supply chain. Supplier relationships are therefore a value adding training topic by county referral hospitals.

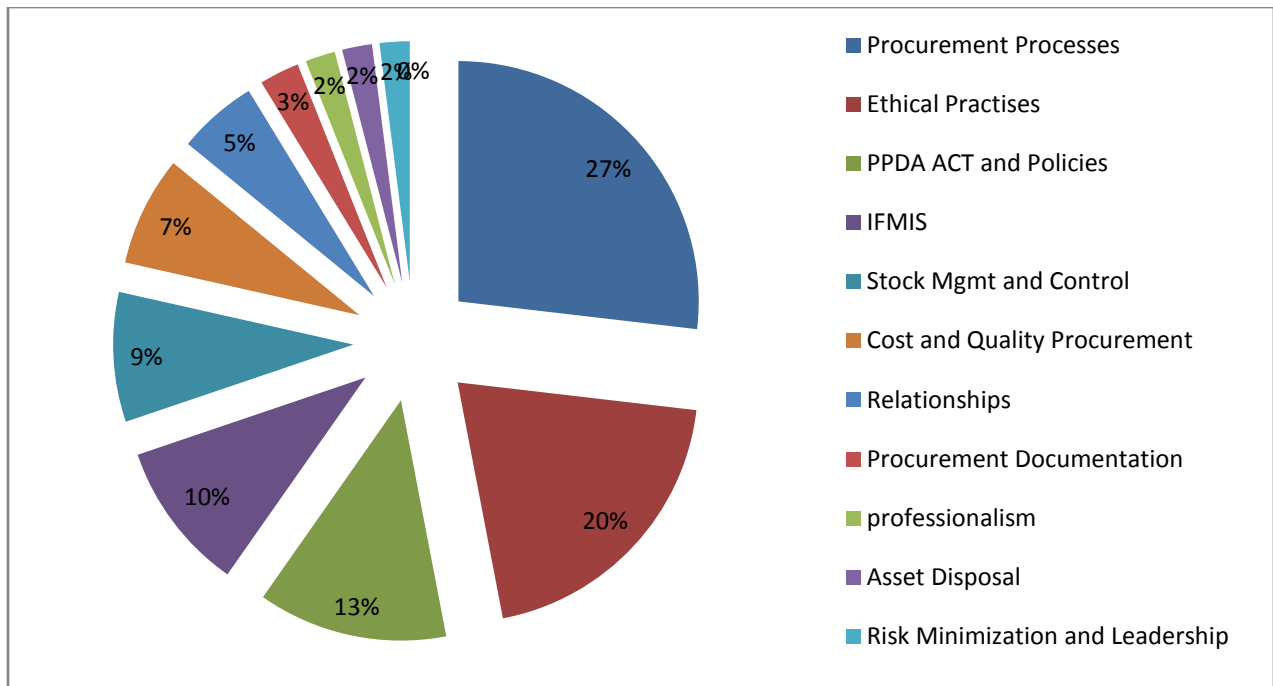


Figure 3 Topics of ethical procurement trainings

The topics covered during the trainings are in tandem with the four pillars model as shown on figure 4. The model aims at assessing the quality and effectiveness of national public procurement systems developed by the World Bank, Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD) and a number of developing countries (OECD, 2005). Primarily the model looks at legislative & Regulatory Framework, Procurement Operations & Market Practices, Institutional & Management Capacity and Integrity & Transparency.

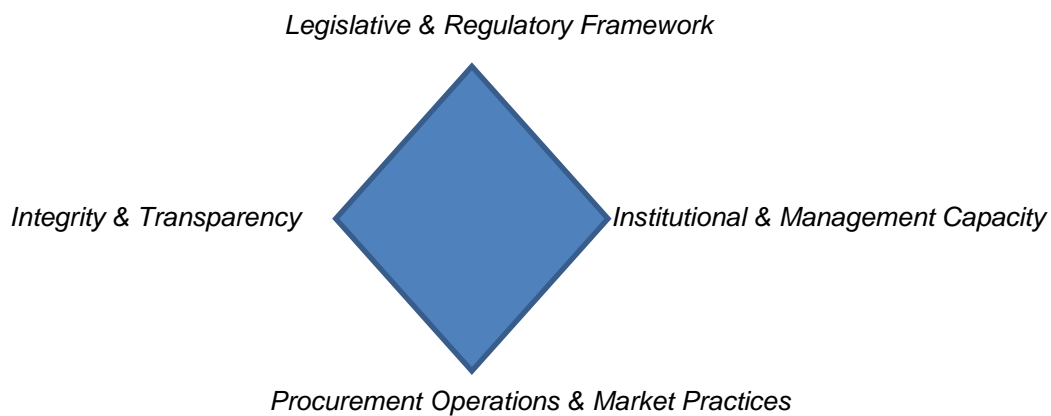


Figure 4 Four Pillars Model

Source: OECD, (2007)

The legislative and regulatory framework pillar is centered on Acts and Regulations. Particularly the existence, accessibility of laws and acts to monitor procurement processes from the highest level down to the nitty gritty of operational guidelines, availability of standard tender documents and contract documents. The institutional framework and management capacity pillar operates through systems and protocols established through overall public sector governance. It also thrives upon enacted legal and regulatory framework. Procurement operations and market practices pillar is based on the operation of the systems at the level of the implementing Purchasing Entities as well as on the procurement market. Integrity and transparency pillar is based establishment of control mechanisms. Devoid such control mechanisms, faults and errors in the procurement system may not be noticed and addressed. The control mechanisms range from efficient audit systems, operative ethics and anti-corruption measures, effective appeals mechanism, a wide-ranging sharing system enabling information to be obtained and utilized by civil society and interested stakeholders for conduct social audit (PPOA, 2007).

When findings of this research were contextualized within the four pillars model framework it therefore emerged that legislative & regulatory Framework pillar was the most prominent subject matter for trainings making up 52% of all the training content. From Fig 4.3 four items can be grouped into this first pillar being procurement practices accounting for 27%, PPDA Act and policies making up 13% of training content, the use of IFMIS as a recent regulatory mandate on execution of procurement processes with public institutions making up 10% of training content and finally are the guidelines on asset disposal that had some 2% of training content. Featuring of IFMIS is a relevant addition in county referral hospitals context as envisaged that E-procurement would streamline procurement practice by increasing procurement transparency, standardizing processes, improving access to markets and promoting integrity in public bidding.

The integrity and Transparency pillar was the second most prominent pillar for training content making up 20% of all training content. The integrity pillar also happens to be one of the aims of the PPDA Act 2005. Procurement Operations & Market Practices came third in training making up 19% of all training content. Specific operations that were alluded to are stock management and control at 9% cost and quality management at 7% of the trainings and procurement documentation at 3%. The last pillar that made record for trainings content was the Institutional & Management Capacity Pillar at 7%. The themes or patterns that were highlighted include supplier relationships accounting for 5%, risk minimization and leadership at 2% and professionalism in procurement at 2% as shown in figure 3.

These findings are meaningful for this study that sought to determine the impact value of three levels leadership model on ethical procurement practices in county referral hospitals in Kenya. The findings depicts that currently the county hospitals have significantly given profound awareness to procurement practioners in regards to upholding the laws and regulations that govern procurement practice. At a rather moderate level, capacity of procurement practioners in county referral hospitals has been given regarding procurement operations and market practices as well as integrity and transparency tenets of procurement practice. This milestones or achievement in a diverse training content is related to public level of leadership and private level of leadership. Trainings initiatives are activities done at an organizational wide level. The study findings however indicated that institutional and management capacity seemingly has coverage gaps. As training content on institutional and management capacity was less than 10% of all that was covered as shown in figure 5.

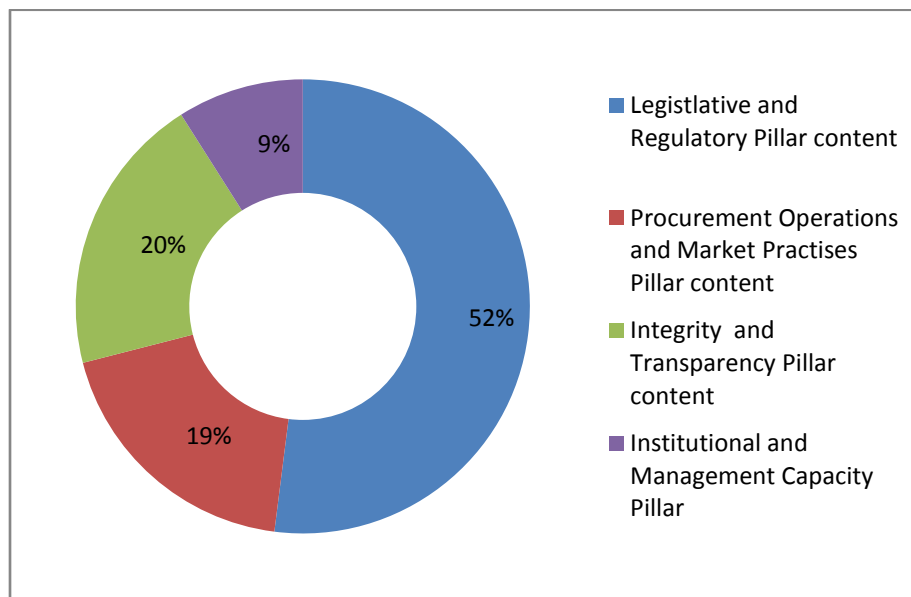


Figure 5 Four Pillars Model and Training content

CONCLUSIONS, IMPLICATIONS AND RECOMMENDATIONS

Trainings strengthen skills that employees need to execute their tasks effectively and increase their efficiency. Execution of capacity building offers the organisation higher capability as employees gain similar skills and knowledge from the joint forums. Besides, such joint development initiatives increase employee job satisfaction and improve their work morale. Trainings are therefore operative in enhancement of ethical procurement practices.

External stakeholders are expansive as shown in Figure 2. Those who have conducted trainings in ethical procurement practices include as professional bodies, regulatory bodies,

national government, parastatals, World Bank and private consulting firms. To add to these views results indicated that county referral hospitals conduct regularly trainings on how to handle ethical parameters. The trainings they have conducted are structured in nature.

This study therefore confirmed the stakeholders' theory suppositions by clearly articulating the stakeholders that influence procurement department. The theory's proposition is to assimilate organization accountability by broadening the range of stakeholders. From a policy perspective, the procurement professional bodies such as CIPS and KISM need to streamline their capacity building by incorporating trainings that tackle legislative & Regulatory Framework, Procurement Operations & Market Practices, Institutional & Management Capacity and Integrity & Transparency.

This study therefore recommends trainings, involvement of regulatory bodies and involvement of diverse stakeholders so as to enhance ethical procurement practices.

REFERENCES

- Ayoyi, I. R & Odunga, M, R (2015). Ethical Issues in Public Procurement in Kenya. *International Journal of Scientific and Research Publications*, 5, (9), 1-4
- Bhat, Z.H. (2013). Impact of Training on Employee Performance: A study of Retail Banking Sector in India. *Indian Journal of Applied Research*, 3 (6).
- Bhartiya, C. (2015). Impact of Training and Development on Employee Performance in Selected Public Sector Organizations. *International Journal of Enhanced Research in Management & Computer Applications*, 4 (8).
- Edward, B. (2009). Public Sector Procurement Methods. *Journal of Procurement*, 11(1), 65-78.
- Gall, M. D., Gall, J. P. & Borg, W. R. (2003). *Educational Research. An Introduction* (7th ed). Boston: Pearson Education, Inc.
- Gunu, U., Oni, E., Tsado, E., & Ajayi, O. (2013). Empirical Study of Training and Development as a Tool for Organizational Performance: Case Study of Selected Banks in Nigeria. *Kuwait Chapter of Arabian Journal of Business and Management Review*, 2, (10)
- Juma, M.O. (2010). Public procurement reforms in Kenya: Presentation to the OECD-DAC conference, 3rd-5th May, Nairobi: PPOA
- Long, C.S., Kowang, T.O., Chin, T.A., & Hee, O.C. (2016). Improving Organizational Performance through Training Function: A Review. *International Business Management*, 10 (4):475-478
- Mathiasa, J.M, & Owuor E.D (2015). Effects of Inventory Management System on Organizational Performance: Case Study of Grain Bulk Handlers Limited, *International Journal of Sciences: Basic and Applied Research*, 20 (2) 215-232.
- Naris, N. S., & Ukperere, I. W. (2009). The effectiveness of an HR code: Staff development and training at the Polytechnic of Namibia. *African Journal of Business Management* Vol. 3 (12) 879-889.
- Ng'ang'a, R., Weru, J.W., Iravo, M.A., & Sakwa, M. (2013). The Relationship between Training and Development on Performance of State Owned Corporations. *International Journal of Academic Research in Business and Social Sciences*, 3, (9)
- Nyamasege, J.O, & Biraori, O.E (2015). Effect of supplier relationship management on the effectiveness of supply chain management in the Kenya public sector, *International Journal of Managing Value and Supply Chains*, Vol. 6 (1) 25-33.
- Organization for Economic Cooperation and Development, (2005). *Fighting corruption and Promoting integrity in public procurement*. Paris: OECD.

Organization for Economic Cooperation and Development, (2007). Integrity in public Procurement: Good practice from A to Z, Paris: OECD Publishing

Public Procurement Oversight Authority, (2007). Assessment of the procurement system in Kenya. Nairobi: PPOA

Public Procurement Oversight Authority, (2010). Background Information: Nairobi: PPOA.

Swaminathan, J., & Gowri Shankar, U. (2011). Perceived Effectiveness of Training and Development; A Case Study in STC Technologies, 3 (6) 181-184

Thurston, A. (2002). "International Records Management Module". London: International Records Management Trust.

Truitt, D.L. (2011). The Effect of Training and Development on Employee Attitude as it Relates to Training and Work Proficiency. Sage Open DOI: 10.1177/2158244011433338 <http://sgo.sagepub.com>.

Wanyama, J (2013). The effectiveness of the Procurement Regulations in Kenya. Academics Press. 19(5), 421-433.