

**DETERMINANTS OF YOUTH-OWNED COMPANIES PARTICIPATION IN
PUBLIC PROCUREMENT PROJECTS IN KERICHO KENYA**

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DECLARATION

This research project is my original work and to the best of my knowledge it has not been presented for a degree award in any other university.

Signature.....

Date.....

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This project has been submitted with my approval as the appointed University Supervisor

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DEDICATION

I dedicate this research project to my supervisor Dr. Wanyoike, my beloved Children and the Administration of the County Government of Nakuru for their material and moral support they accorded me when I was preparing this research project.

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I would therefore like to acknowledge first and foremost the Almighty God who gives the strength and good health during this entire period. This research project would not be successful without the guidance, support and research insight accorded to me by my supervisor, Dr. Wanyoike. I will also like to thank my colleagues for their moral support during the preparation of this research project.

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OPERATIONAL DEFINITION OF TERMS

Business Profiles- refers to the supply participation history and service quality and cost effectiveness of the enterprise (Wasonga, 2008).

Disadvantaged Firm- Has been used in this study to refer to Women, Youth and Persons with disabilities. These are categories of persons or firms previously disadvantaged by unfair competition or discrimination also referred as vulnerable firms (AGPO, 2014).

Participation – In this study means actively taking part in the public procurement process through ; registering, bidding for tenders and supplying the commodities and services as per the terms of the tender (Gatare & Shale, 2014).

Procurement - is the acquisition by purchase, rental, lease, hire purchase, license, tenancy, franchise, or by any other contractual means of any type of works, assets, services or goods including livestock or any combination (PPDA, 2015)

Reservation-is defined as setting aside goods, works, or services to a specified target firm in a county within a specified threshold (PPOA, 2015)

Small Enterprise -means a firm, trade, service, industry or a business activity; whose annual turnover ranges between five hundred and five million shillings; which employs between ten and fifty people; and whose total assets and financial investment shall be as determined by the Cabinet Secretary from time to time (Micro and Small Enterprises Act, 2012)

Tender Evaluation - In this study refers to the rigors of the public tendering process, such as, pre-qualification, bidding categories, deadlines, technical requirements and supplier evaluation (Lysons & Farrington, 2006).

Technical Readiness - refers to the capacity of the organization to fully comply with the requirements of the public procurement process (Thai et al., 2009).

Youth - Any citizen who has attained the age of eighteen but has not attained the age of thirty five years (Youth Enterprise Development Fund, 2012).

ABBREVIATIONS AND ACRONYMS

AGPO	-	Access to Government Procurement Opportunity.
KNBS	-	Kenya National Bureau of Statistics
KYEP	-	Kenya Youth Empowerment Project
MDGs	-	Millennium Development Goals
OECD	-	Organization of Economic Co-operation and Development
PPDA	-	Public Procurement and disposal Act 2005
SMEs	-	Small and Medium Sized Enterprises
VAT	-	Value Added Tax
WTO	-	World Trade Organization
YAGPO	-	Youth Access to Government Procurement Opportunities

ABSTRACT

Public procurement plays a significant role in the generation of country's wealth since it accounts for approximately 16% of most countries' GDPs. This is one of the key considerations that led the Kenya government to grant disadvantaged firms –such as youth, women and people with disabilities- 30% of the allocation of all public procurement in order to enable them create jobs as unemployment among this firm has been a perennial challenge to the government and other stakeholders. Consequently, the government of Kenya through policies and initiatives has actively sought to increase youth inclusion into mainstream economic activities. One such initiative is the Youth Access to Government Procurement Opportunities (YAGPO) which sought to further improve youth inclusivity in public procurement. However, this initiative has not achieved the expected results as the tender uptakes among the youth are still very low. Therefore, the present study sought to examine the determinants of youth participation in public procurement projects in Kericho County, Kenya. Specifically, it sought to determine how technical readiness, business profile and tender evaluation process affects the participation of youth enterprises in public procurement projects in Kericho County. The study was guided by the Institutional Theory, Mc Mullen – Shepherd Model and the Public Interest Theory of Regulation. Survey research design was adopted for the study targeting the procurement personnel in Kericho County. A sample size of 79 respondents obtained using stratified random sampling was used. Self-administered questionnaires were used as data collecting instruments. Data was analyzed using descriptive statistics (mainly frequencies, percentages and Chi-squares) and inferential statistics, mainly Pearson product moment correlation and multiple linear regression analysis. The findings revealed that technical readiness of youth-owned companies' in the area was still unsatisfactory and this adversely affected their participation of in public procurement projects in the area. It was also revealed that the business profiles of the youth-owned companies were important in determining their public procurement contract awards. Finally, was revealed that the tender evaluation process was the most important determinant affecting the participation of youth-owned companies' in public procurement projects in the County. The study, therefore, recommends that the youth owned companies invest their resources studying and participating in public procurement in order to gain insight and experience into their workings. It is also recommended that the youth-owned companies form consortiums when bidding so as to increase their chances of being awarded tenders. Lastly, the County governments need to encourage youth-owned companies to participate in the tender opening process and be given access to the results of the bidding process so as to enable them understand the prequalification criteria for the public tenders.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Public procurement expenditure makes up the biggest spend for any given nation. The value of global public procurement is estimated AT US\$1.5 trillion excluding procurement in the defense sector. The Organization for Economic Cooperation and Development (OECD) estimates the value of government procurement in the world to be equivalent to 7% of world GDP and 30% of global merchandise trade on average (Agaba & Shipman, 2008). The government of Kenya spends approximately 70% of its budget on procurement (Wleth, 2015; Nduta, et al., 2015; Muraguri, 2013). In 2013/2014, the budgeted expenditure was KES 1.77 trillion giving an approximate of 1.24 trillion of public procurement (KNBS, 2013). Moreover, Aketch (2013) says that public procurement plays a significant role in the generation of country's wealth since it accounts for approximately 16% of most countries' GDPs. This is perhaps one of the key considerations that led the Kenya government to grant disadvantaged firms - of whom the youth form part- 30% of the allocation of all public procurement in order to enable them create jobs. However, this initiative has not been met with the expected results as the tender uptakes among the youth are still very low.

Public procurement involves the process of acquiring goods, services and works by public procuring entities. It includes hiring, leasing, purchasing or any other contractual means of engaging suppliers in public services to the public. Participation in public procurement is normally done through tendering of goods and services (Thai, 2004). Public organizations are usually legally obliged to release tenders for works and services. A tender is any offer or proposal made for acceptance; as, a tender of a loan, of service, or of friendship; a tender of a bid for a contract (Obanda, 2011). Tendering is recognized as a process of making an offer, bid or proposal, or expressing interest in response to an invitation or request for tender. Organizations seek other businesses to respond to a particular need, such as the supply of goods and services, and select an offer or tender that meets their needs and provides the best value for money (Wogube, 2011).

Public procurement is one of the most lucrative business ventures that has the ability to significantly improve the economic prospects of the participants. It is also one that

has been characterized by intense competition and unfair practices. For a quite a long time, a significant part of the population in Kenya has not been able to penetrate the public procurement circles due to their socio-economic disadvantages. The youth, women and persons with disabilities are categorized as part of vulnerable populations and socio-economically disadvantaged. They are normally over looked by government initiatives and programmes, hence, are less likely to benefit from empowering programs meant to uplift their economic status. Therefore, they are at a greater risk of being unemployed and having no sustainable source of income (Attaran, 2002).

Basing on this consideration, the Kenyan government came with the Access to Government Procurement Opportunity (AGPO) program in the year 2013 as an affirmative action (also known as social procurement) aimed at empowering the youth, women and persons with disability –by giving their enterprises the opportunity to do business with government entities (R.O.K, 2013). This came via a presidential directive that 30% of government procurement opportunities be set aside for youth, women and persons with disabilities – owned enterprises (Gatare & Shale, 2014). However, this initiative has since drawn mixed reactions from the stakeholders with some debating that such affirmative action in public procurement may expose the process to systemic bias and impede the attainment of value for money (economy) which is the overall objective of any public procurement system (Nduta et al., 2015). Others though contend that an over emphasis of value for money objective may overshadow other equally important goals such as the attainment of economic development, promotion of local industries and may in fact lead to robotic operations that suppresses innovation and creativity (Mwikali & Kavale, 2012). The focus of the current study is on the youth who despite showing promising prospects and dynamism, still under subscribe to the public procurement contracts.

1.1.1 Public Procurement Preference Policy in Kenya

The Public Procurement and Disposal (Preference and Reservations) Regulations 2011 was gazetted in legal notice number 58 so as to give the effect of overriding socio-economic requirements of the country. These regulations provide a framework for the implementation of preferential procurements in Kenya's public procurement.

The preference regulations allow government entities conducting procurement processes to allocate procurement opportunities to special firms i.e. youth, women and persons with disability. The public entities are supposed to institutionalize procurement plans which should have a total reservation of at least 30% of the procurement budget to the special firms. The regulations also give guidance to government entities on how to advertise and evaluate the bids submitted by the special firms. Public entities were also being required to submit quarterly reports to the Public Procurement Oversight Authority (PPOA) for compliance audits.

In order to participate in the new preferred and reserved public procurement scheme, the youth, women, and persons with disability were required to register their enterprises with the relevant government body. The public entities were also be required to authenticate tender awards and purchase orders and enter into agreements with relevant financing institutions with an undertaking that the contracted enterprise will be paid through the account opened with the financier. However, very few youth owned enterprises have been able to access public procurement opportunities (Kamau et al, 2014; Gatara &Shale, 2014). Most procuring entities are mainstreaming the legal requirement at a very slow pace as evidenced by low levels of reporting compliance with the preference and reservation schemes (Business Daily, 2014). The reasons for this state of affairs, however, still remain unclear.

1.1.2 Youth Enterprises in Kenya

The Access to Government Procurement Opportunities (AGPO) refers to youth-owned enterprise as a legally registered business in the form of a sole-proprietorship, partnership or registered company owned by person(s) legally described as the youth (Muraguri, 2015). For the purposes of public procurement, The Public Procurement and Disposal, Amendment Bill (2013) defines the youth as a person who has attained the age of eighteen years or more but has not attained the age of thirty-five years and includes a company, association or body of persons, corporate or unincorporated in which all its directors or proprietors are persons who have attained the age of eighteen years and have not attained the age of thirty five years.

About 35% of the population is youths (aged 15-34) and around 61% of the youth live in rural areas (Sivi, 2010; KNBS, 2010). However, youth unemployment continues to be a development challenge in several African countries despite the positive economic growth rates experienced over the past decade (Amenya et al., 2011). There are indicators that this growth has not generated sufficient employment opportunities for the youth. The youth in Kenya make up to about 32% of the population and 60% of the total labour force (Yambi, 2009). Unfortunately, as the Ministry of Youth Affairs (MOYA, 2006) found out, majority of them are unemployed “due to the country's high unemployment level”. According to Omolo (2010), about 40% of youths in Kenya are neither educated nor employed. Unemployment and lack of education not only contributes to material deprivation but also diminishes youth democratic participation thus triggering economic exclusion and social vulnerability (Education Development Center, 2009).

According to Article 55 of the Constitution of Kenya, the State shall take measures, including affirmative action programmes, to ensure that the youth access relevant education and training; have opportunities to associate, be represented and participate in political, social, economic and other spheres of life. The government of Kenya in furtherance to the constitutional provisions launched the “Youth Access to Government Procurement Opportunities” (YAGPO) which was aimed at creating awareness amongst the youth and the general public on the opportunities available in public procurement. However, this has not borne the expected fruits and majority of the youth are still jobless and languishing in poverty especially in the rural areas (Nduta et al., 2015).

1.2 Statement of the Problem

Youth unemployment has been a perennial challenge to the government and other stakeholders alike in Kenya and most developing countries. Consequently, the government of Kenya through policies and initiatives has actively sought to increase youth inclusion into mainstream economic activities. As such, the government established the Youth Enterprise Development Fund (YEDF) as a kitty through which youths in organized firms, can borrow funds to establish small enterprises. This was followed in tandem by the Youth Access to Government Procurement Opportunities (YAGPO) which sought to further improve youth inclusivity in public procurement.

However, several years later, youth unemployment still remains high at 67 %, with a considerable number of youth owned enterprises still struggling or having collapsed altogether. It is interesting to observe, for example, that if the 30% procurement opportunities reserved for disadvantaged firms-which also include the youth- was implemented in the financial year 2014/2015, then an estimated KES 111.6 billion worth of procurement projects would have been available to the disadvantaged firms. A similar amount could have been available in the succeeding financial years and this could have absorbed a significant number of unemployed youth. However, the actual participation of the youth in these tenders is still in doubt with little explanation being offered as many public institutions continue to disregard the provisions of Legal Notice 114 of June 2013 that reserves part of government procurement opportunities to the special firms. This led to the question, what are the determinants of youth-owned companies' participation in public procurement projects in Kericho County, Kenya?.

1.3 Objectives of the Study

The general objective of the study was to examine the determinants of youth-owned companies' participation in public procurement projects in Kericho County, Kenya.

1.3.1 The Specific Objectives

- i. To determine how technical readiness affects the participation of youth-owned companies' in public procurement projects in Kericho County.
- ii. To establish how business profiles affects the participation of youth-owned companies' in public procurement projects in Kericho County.
- iii. To examine how tender evaluation process affects the participation of youth-owned companies' in public procurement projects in Kericho County.

1.4 Research Hypotheses

H0₁: Technical readiness does not significantly affect the participation of youth-owned companies' in public procurement projects in Kericho County.

H0₂: Business profiles do not significantly affect the participation of youth-owned companies' in public procurement projects in Kericho County.

H0₃: Tender evaluation process does not significantly affect the participation of youth-owned companies' in public procurement projects in Kericho County.

1.5 Significance of the Study

The research findings and policy recommendations generated from the study are expected to be valuable input to the stakeholders and practitioners participating in government procurement for disadvantaged firms who include youths. The study will create new knowledge and awareness in the area of procurement management in all industry sectors both in the private and public sectors. The findings will be important to the policy makers as they may be used as a blue print for the improvement of legislation on youth access to government procurement opportunities in the government ministries. The findings will also be important to the oversight institutions of the government in informing the necessary steps to ensure youth participation in Government procurement. The findings will also add more on the existing body of knowledge in the subject area. It is hoped that the study will stimulate further research on factors influencing youth access to government procurement opportunities in the government ministries.

1.6 Scope of the Study

The study focused on the determinants of youth-owned companies' participation in public procurement projects in Kericho County Kenya. The study concentrated on three variables; technical readiness, business profiles and tendering evaluation process as factors deemed to influence youth participation in public procurement.

1.7 Limitations of the Study

The research report here was based in Kericho County alone, which was geographically limited as it was conducted in only one region, which may limit the ability to generalize results on an industry-wide basis due to economic and ecological differences that may impact on organizational performance of seed companies in other areas. This limitation was, however, addressed by the inclusive sampling that ensured all the seed companies operating in the area were involved in the study. Despite these limitations, the research provides initial insight and understanding on the relationship between product differentiation strategy and organizational performance of Seed companies.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This section contains the review of theoretical and empirical literature concerning determinants of public procurement uptakes among disadvantaged firms. It also highlights the research gaps and the critique of the theoretical and empirical literature.

2.2 Theoretical Framework

This section presents theories that are meant to underpin how procurement functions are carried out in the public sector. The theories discussed here are the Institutional Theory, Mc Mullen – Shepherd Model and the Public Interest Theory of Regulation. The bearing of the theories to the present study are discussed as follows.

2.2.1 Institutional Theory

The institutional theory has its origins in the theoretical discourses of Powell and DiMaggio (1991) who define an emerging perspective in organization theory and sociology, which they term the 'new institutionalism', as rejecting the rational-actor models of Classical economics. Instead, it seeks cognitive and cultural explanations of social and organizational phenomena by considering the properties of supra-individual units of analysis that cannot be reduced to aggregations or direct consequences of individuals' attributes or motives. Scott (1995) advanced the theory indicating that, in order to survive, organizations must conform to the rules and belief systems prevailing in the environment.

Najeeb (2014) asserts that the study of institutions traverses the academic fields of economics, sociology, political science and organizational theory. According to Kaufman (2011), the common denominator for institutionalism in various disciplines appears to be that of, institutions matter. Hence, "organizational practices are either a direct reflection of, or response to, rules and structures built into their larger environment" (Pauwe & Boselie 2003). In public procurement, different institutions interact in order to meet the needs of each other while abiding to the set rules and regulations established by the government.

There are three pillars of institutions as regulatory, normative and cultural cognitive as identified by Scott (2004). The regulatory pillar emphasizes the use of rules, laws and sanctions as enforcement mechanism, with expedience as the basis of compliance. The normative pillar refers to norms and values with social obligation as the basis for compliance. The cultural cognitive pillar rests on shared understanding, that is, common beliefs, symbols and shared understanding. In relation to this theory, public procurement entities and suppliers in Kenya are guided by rules and regulations as stipulated in The Public Procurement and Disposal Act, 2005, Public Procurement and Disposal Regulations, 2006, The Public Procurement and Disposal (Amendment) Regulations, 2009, The Public Procurement and Disposal (Public Private Partnerships) Regulations, 2009, The Public Procurement and Disposal (Preference and Reservations) Regulations, 2011 and The Public Procurement and Disposal (County Governments) Regulations, 2013. These set of legislations have brought new standards to guide public procurement process in Kenya.

This theory will be used to examine how tender evaluation process by the public institutions affects the participation of youth-owned companies' in public procurement projects in Kericho County.

2.2.2. Mc Mullen – Shepherd Model

The Mc Mullen – Shepherd Model was enunciated by McMullen and Shepherd (2006) in an attempt to rationalize entrepreneurial behavior with regards to existing opportunities. According to the theory, entrepreneurs act on what they believe is an opportunity. Because opportunities exist in (or create and/or generate) high uncertainty, entrepreneurs must use their judgment about whether or not to act. Therefore, to understand entrepreneurial action one must be able to assess the amount of uncertainty perceived to surround a potential opportunity and the individual's willingness to bear that uncertainty. The individual's prior knowledge can decrease the amount of uncertainty, and his or her motivation indicates willingness to bear uncertainty (Hisrich *et al* 2013). McMullen-Shepherd model shows how knowledge and motivation influence two stages of entrepreneurial action.

Signals of changes in the environment represent possible opportunities that are noticeable by some individuals but not others. Individuals with knowledge of markets

and/or technology are more capable of detecting changes in the external environment, and if they are also motivated, they focus more attention to processing this information. Others remain ignorant of the possibility. The result of Stage 1 is an individual's realization that an opportunity exists for someone. The individual then needs to determine whether it represents an opportunity for him or her (Stage 2). This involves assessing whether it is feasible to successfully exploit the opportunity given one's knowledge and whether it is desirable given one's motivation. According to this study, the entrepreneur is the youth. In stage one assessing the awareness of opportunities presented to youth entrepreneurs by the environment in the form of the Public Procurement (Preference and Reservations) (Amendment) regulation 2013, current infrastructure developments, financing and other governmental enforcements was evaluated. An individual determines whether the opportunity is for him and according to his motivation level he may take up an entrepreneurial move or ignore the sign. The study related knowledge to awareness.

This theory will be used to determine how technical readiness of youth-owned companies' in anticipation for public procurement projects affects their participation in the projects in Kericho County.

2.2.3 Public Interest Theory of Regulation

Public interest theory is an economic theory first developed by Arthur Cecil Pigou in 1932 that holds that regulation is supplied in response to the demand of the public for the correction of inefficient or inequitable market practices. Regulation is assumed initially to benefit society as a whole rather than particular vested interests (Deegan & Unerman, 2011). The regulatory body is considered to represent the interest of the society in which it operates rather than the private interests of the regulators.

Regulation in public service is aimed at the public interest which is the best possible allocation of scarce resources for individual and collective goods. In developed economies for instance in the west, the allocation of scarce resources is to a significant extent coordinated by the market mechanism. As demonstrated by Arrow (1985), allocation of resources through the market mechanism means is optimal under certain circumstances; this is because these mechanisms under certain circumstances are frequently not adhered to. In practice, the allocation of resources is not optimal

thus a demand for methods for improving the allocation arises (Bator, 1958). Government regulation is one of the methods of achieving efficiency in the allocation of resources (Shubik, 1970; Arrow, 1970). According to public interest theory, government regulation is the instrument for overcoming the disadvantages of imperfect competition, unbalanced market operation and undesirable market results.

In the first place, regulation can improve the allocation by maintaining, facilitating, or imitating market operation. According to Pejovich (1979), the exchange of goods, services and production factors in markets assumes the definition, allocation and assertion of individual property rights and freedom to contract, whose guarantee in any necessary enforcement of contract compliance can be more efficiently organized collectively than individually. The costs of market transactions are also reduced by a large extent by property and contract law.

This theory will give insights into how business profiles of youth-owned companies' are evaluated in the light of public interests so as not to violate public trust in the procurement system and, hence, encourage participation in public procurement projects in Kericho County.

2.3 Conceptual Framework

According to Orodho (2013), conceptual framework covers the main features of a study and their presumed relationship.

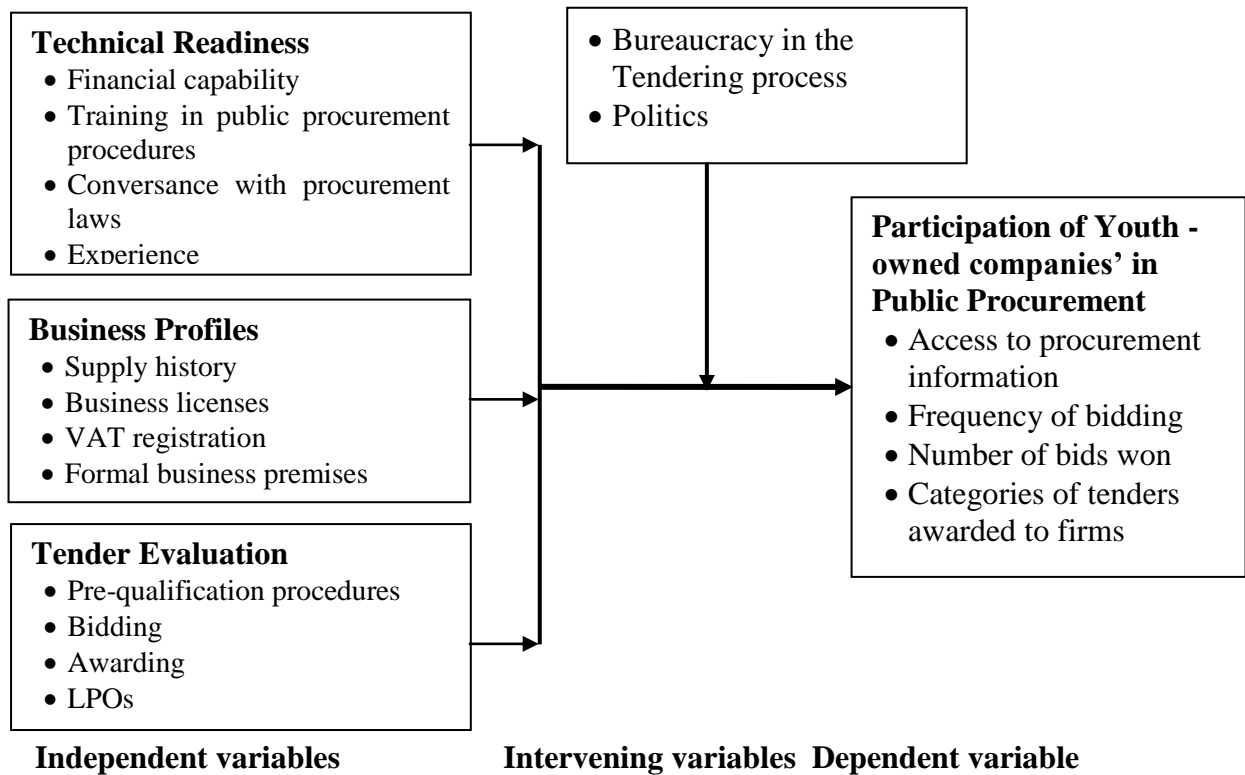


Figure 2.1: Conceptual Framework

The conceptual framework in Figure 2.1 shows the expected relationships existing between the independent variables and the dependent variable. It is expected that technical readiness of the youth-owned companies', that is their capacity has an effect on their ability to successfully participate in public procurement. It is also expected that the youth-owned companies' business profiles could have a bearing on their ability to successfully participate in public procurement. Another variable of interest to the study that is, tender evaluation process is also theorized to affect the level of the youth-owned companies' participation in public procurement.

2.4 Empirical Literature Review

In this section, a review of literature is done with the aim of providing an empirical basis for the study and exposing of gaps on which the current study is built on.

2.4.1 Technical Readiness

Thai (2004) explained that, as many countries have moved to a regional and or global economy, Public procurement practitioners face another challenge that is, how to comply with their government's procurement regulations and social and economic procurement goals without violating regional and/or international trade agreements. For example, how to comply with national economic policies (in nurturing domestic firms), without dealing unfairly with foreign firms as provided in regional trade agreements and/or the World Trade Organization (WTO) agreements is not easy, which requires a careful study of trade agreements in order to take advantages of special provisions. Therefore, the technical readiness of the bidders is an important characteristic in public procurement. Technical readiness include such aspects as financial capability, training in public procurement procedures, conversance with procurement laws and experience which largely determines a supplier's capability to fulfill procurement obligations.

Finances are an internal factor that boost or hinder a business from growing. The four basic factors that determine how a firm is financed are: the firms economic potential, the size and maturity of the company, the nature of its assets and the personal preference of the owners with respect to the tradeoffs between debt and equity (Petty *et al.* 2011). They further cited three types of financing available for small businesses as debt financing, external financing and profit retention. Startup capitals for youth enterprises are largely sourced from personal savings, friends and family. In Kenya, youth owned Enterprises are faced with serious financial challenges in their operations since they may not be stable enough to get debt financed and the profits may be minimal to act as a substantial source of finance.

Access finance is critical for growth and development. In the early stages of development of any business, finances both from internal sources of funding, such as the owner's savings, retained earnings, funding through the sale of assets or external sources such as debt and equity is crucial for growth. Despite all, access to finance remains a key constraint to small enterprises development, especially in emerging economies (Wanjohi, 2012). According to Kathure (2014), Lack of access to long-term credit for small enterprises forces them to rely on high cost short term finance this causes most of them to go under. Thus financial constraint remains a major

challenge facing small entities in Kenya (Wanjohi & Mugure, 2008). According to public procurement regulations 2011, procuring entities are allowed to unbundle goods, works and services in practicable quantities pursuant to Section 31(7) of the PPDA, 2005 for the purpose of ensuring maximum participation of youth, women and persons with disabilities“ small and microenterprises in public procurement. However, despite this provision, there is still unsubstantial participation of youth enterprises in public procurement contracts in the country.

SMEs face a mixture of success and failure with statistics indicating that three out of five fail within the first few months of operation (Kenya National Bureau of Statistics, 2007; Akwalu, 2014). Generally, the smaller the enterprise, the less likelihood its management was understand the need for financial management and the poorer the understanding of financial management. Likewise, the size and the distance from urban centres are negatively related to the level of awareness of financial instruments. That is, the smaller the size of the enterprise and the farther away from the urban centre the enterprise is, the less aware the firm is of the financial instruments available. This makes them vulnerable to shocks to revenue or costs and, therefore, and makes them unlikely to expand beyond a certain limit. This explains why the turnover of majority of SMEs in Kenya is estimated at the Kshs.5 million a year threshold. Thus, poor returns, lack of good financial records, and lack of collateral make them not creditworthy (Capital Markets Authority, 2010).

Public procurement can help in the development of an effective and efficient SME sector by providing appropriate opportunities for SMEs which are mostly run by special firms to demonstrate their skills and capabilities, including the purchase of goods and services which allows SMEs to develop and demonstrate innovative goods and services (Mc Crudden, 2005). In the past, procurement was considered mainly as an operational activity rather than as a key strategic function in the business planning process. Public purchasers concentrated on compliance with rules and procedures set down in guidelines, regulations or EU Directives to seek value for money outcomes from procurement while observing necessary standards of probity and ethics (Thai et al., 2009). Further, Jamii Bora in Kenya is offer training to the special firms on how to bid for government contracts.

Staffs that are not adequately trained in procurement will lead to serious consequences including breach of the code of conduct. Professionalism in public procurement relates not only to the level of education and qualifications of the workforce but also to the professional approach in the conduct of business activity (Raymond, 2008). Raymond also established that there are approximately 500,000 professional purchasing people in the United States and only 10% of these have been members of a professional body and the rest are not even aware that there are ethical and legal standards involved in procurement. (Raymond 2008) acknowledges that lack of high degree of professionalism in public procurement leads to corruption which ultimately impedes compliance. Procurement staff of county governments must be trained and made aware of all the regulations in relation to procurement and related procedures (Hui et al 2011). The ethical code is not only the deterrent of incorrect behavior but also an enabler for all members of the organization to safeguard the ethical legacy of the firm (Rossi, 2010).

A study conducted Ayoti (2012) on the factors influencing effectiveness in tendering process in public sector. The study specifically focused on Kenya Urban Roads Authority, Kenya Highway Roads Authority and Kenya Rural Roads Authority in Central Region Nyeri County. The Study aimed at established how records management and ICT use influence effectiveness of tendering process. The study findings indicated that there was poor records' keeping which affected the tendering process in Nyeri County. This was due to lack of a strong procurement profession and inadequate training of staff that led to failure to employ good practices in procurement, creating inefficiencies and high costs in the tendering process in the county the study recommended that the organizations should train all the procurement staff in order to provide them with skills and knowledge of procurement process.

2.4.2 Business profiles

The potential production capability of each supplier should be analyzed to meet a specified Production plan and also to develop a new product according to the market demand (Harps, 2000).Suppliers need competent technical ability to provide high quality product or service, ensure future improvements in performance and promote successful development efforts. Especially, this is very important when the firm's strategy included development of a new product or technology or access to

proprietary technology. These technical criteria insist company to shift into the global market place. This factor has been measured on the basis of the importance of the following technical dimensions: compliance with quantity, compliance with due date, compliance with packaging standard, production planning systems of suppliers, and maintenance activities of suppliers, plant layout and material. The production facilities and ability of the supplier to increase its capacity should also be taken into account to Judge the best one.

The promotion of youth owned enterprises is fundamental to the achievement of MDG which focuses on developing decent and productive work for Youth (Akwalu, 2014). Public procurement can be an important source of business for SMEs (Musgrave et.al, 2007). However, access to public sector contract s by smaller entities is often seen as a problem, at national and global level, for many in the sector. While sustaining development impacts is key, it is the majority at grassroots that accelerate and sustain poverty reduction efforts (Ramsay et.al. 2008), hence the need to target the rural poor to achieve overall economic growth by funding them to be able to access public procurement. Snider (2006) argues that the high proportion of women in the poverty firm in the third world makes efforts at development fruitless. This is because the investment threshold for the third world has pushed far above the current levels of funding to a point where local level development is the only feasible alternative solution development efforts that centre on sustainability must target the grassroots majority (Gomez, 2009).

The enterprises owned by youth, women and persons with disabilities face myriad of challenges. These challenges include limitations in accessing credit from financial institutions, since most of the enterprises are start ups they lack experience and access to information on procurement opportunities in public procurement because majority of them are located in areas that we have limited access to newspapers and the internet. According to Kamau, Wanyoike and Mwangi (2014) in a study on access to credit facilities as a major factor hindering access to public procurement contracts by youth entrepreneurs in government ministries in OL Kalou Sub-County, Kenya, they noted that access to credit is almost across the world indicated as a key problem for SMEs. In some cases, even where credit is obtainable, the start ups may lack liberty of choice because the lending circumstances may force the acquisition of heavy,

immovable equipment that can serve as guarantee for the loan. Furthermore, financing institutions often do not tackle the type of sectors or business fields of youth, women and persons with disabilities enterprises partly because those are not considered units with any growth potential and very risky to venture into.

Clear established process for selecting suppliers and extending the existing suppliers has been observed to be very important while selecting suppliers to ensure procurement performance. Ghodsypour (2001) points out that supplier selection is one of the most important decision-making problems, since selecting the right suppliers significantly reduces the purchasing costs and improves corporate competitiveness. Choice of tender supplier selection criteria influence lead time of tendered goods and services in public institutions (Venn, 2015). The awarding of contracts to suppliers is an important phase of the procurement process (Maurer, 2004). Tenders may, however, be awarded to contractors who cannot deliver on time and to the required quality either in terms of policy objectives or due to imposed constraints relating to socio-economic objectives (Gildenhuys, 2002). Meaning the post-tender negotiations has to iron out and clarify any issues that may delay the procurement process.

Research with SMEs in Northern Ireland and Ireland suggests that they are often unaware of, or have limited knowledge of, how to access public procurement opportunities. For example, the 2009 FSB survey found that half of SMEs in Northern Ireland were unaware of any public procurement information sources, and 48% were unaware of e-sourcing (the civil service e-tendering website). In addition SMEs were found to lack the time and resources required to source contracts FSB Northern Ireland (2009). According to Inter Trade Ireland (2009) report of the same year, it was found that lack of knowledge in how to access the public procurement market is a significant factor in SMEs not targeting the market. This was particularly the case for lower value contracts, which may not be advertised widely. In most developing countries, market signals on business opportunities, customer trends, methods of organization, etc., are not communicated, effectively, to the SMEs (Ladzani 2001). The SMEs perform better in information-rich environments (Ladzani 2001). To achieve quality within the information rich environment, some notable challenges need to be handled head on. Small and Medium Enterprises (SMEs) in Uganda face the following difficulties identified by the Commonwealth Secretariat (2010):

insufficient knowledge of the formal tendering process; no feedback was made available about previous unsuccessful tenders (Obanda, 2011).

A review of the strategic and management interventions to enable youth SMEs participation in public procurement inferred that a public procurement policy and legislative provisions are important to enable youth participation and therefore continuous capacity building and complimentary actions should be taken to facilitate youth SMEs participation (Obanda, 2011) The independent variables considered were training, professionalism, ICT and public procurement regulations. However, the focus of the research was a case study of public institutions which the researcher feels was an indirect address to the issues affecting SMEs (i.e. through the eyes of the buying organization). A study was conducted Mwikali and Kavale (2012) to identify the factors affecting supplier selection. They found out that cost, technical capability, quality assessment, organizational profile, service levels, supplier profile and risk factors, in that relative order affected supplier selection. They concluded that a cost criterion, technical capability, quality of materials and profile of the supplier were key factors affecting supplier selection. They recommended that since selection of suppliers is a complicated process, numerous criteria must be considered in the decision making process.

For instance, Stanley and Wisner (2009) surveyed a number of industries and suggested that quality and on-time delivery are the most important attributes of purchasing performance evaluation. Wang, Samuel and Dismukes (2004) also suggested that apart from optimum cost, joint development, culture, forward engineering, trust, supply chain management, quality and communication were also important. They further suggested that the suppliers' history of supply, production price, technical capability and transportation cost also play an important role during supplier's selection. O'Brian and Ghodsypour (2008) agreed that cost, quality and service are the most important factors in supplier selection process. Therefore, it is important to note that cost and quality dominated more in the supplier selection process.

2.4.3 Tender Evaluation Process

Tendering is one of the core components of purchasing and supplies management which is used in sourcing and acquisition of the necessary goods and services.

Tendering is a procurement procedure whereby potential suppliers are invited to make a firm and unequivocal 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 (Lysons & Farrington, 2006). A tender as an unconditional order made by one to another to enter into the contract or transaction of goods or services at certain specified cost (Baily et.al. 2007). Tendering system refers to that process that defines the guidelines through which this the tendering activities are conducted and managed. Various established organizations issues notices for their needs of specified goods or services from other businesses that they would require in a certain period, which is known as Invitation to Tender. Tendering also enables organizations to be able to identify reliable suppliers who are able to meet the products or services required according to the specifications (Lysons & Farrington, 2006).

In an effort to enhance efficiency of the procurement function, organizations make use of the tendering system to reduce procurement cycle time and provision or quality management information. Tendering is based on the principles competitiveness, fairness and accessibility, transparency, openness and probity (World Bank, 2008). The law guiding Kenyan Public entities choice of Procurement Procedures in the Public Procurement and Disposal Act 2005 (PPOA, 2005), requires Public entities to use open tendering as the choice of procurement procedures and only use an alternative procurement procedure in times of urgent need (Jodie, 2004). The Act of parliament came into operation on 1stJanuary, 2007 after years of misuse of Public funds by procurement entities. It aims to maximize economy and efficiency to promote Integrity and fairness of procurement procedures, to increase transparency, and accountability and to increase public confidence in public procedures (PPOA, 2005).

Tendering is the function that costs an organization a great deal of money and this has to be performed correctly in order to maximize effectiveness and minimize costs (GOK, 2004).Organizations, Executive management everywhere is realizing that managing Tenders must emerge as a critical core competency if organizations are to increase revenue. According to Public Procurement and Disposal Act 2005 and Regulation Procurement play a very important role in Economical growth and Development of a country if well managed (Jodie, 2004). It is vital to ensure that time taken in tendering process is reasonable and compliant with the law.

The use of a tendering has a lot of benefits to the organization. One of the key benefits is that it provides fast and accurate pre-qualification and evaluation, which enables the rejection of suppliers that fail to meet the tender qualification. It also helps in reduction of labour intensive tasks of receipt, recording and distribution of tender submission (Evenett, 2005). The tendering process creates fairness for all parties and enhances transparency levels. Though the process is very bureaucratic, it encourages competition from the bidders and there is a high chance of getting the best offer and reliable supplier. Organizations in the retail sector also make use of the tendering system in identifying potential suppliers of the various products for resale purposes or provision of services.

A tender process contains various phases and this is one of the most important because it determines the terms that are included in the tender as well as the overall execution of the contract. They may include invitation to tender, instructions to tenders, general conditions of the contract, special conditions of contract, schedule of requirement, technical specification, tender form and price schedule, tender security form and bank guarantee for advance payment form (PPOA). Clarity is an important aspect of preparing tender documents, for instance, instructions to disadvantaged firms should notify interested applicants to submit the mandatory documentations such as certificate of registration/certificate of incorporation, identity card/passport, PIN/VAT certificate, tax compliance certificate, partnership deeds for partnership business, memorandum/articles of association and CR12 (which is received after filing statutory returns) mandatory for registered companies (Nderitu & Kabare, 2016).

Such instruction will make them know the requirements they need to qualify (preference and reservations regulations, 2013). Alongside clarity, tender documents should have specific schedules. Some of the major procurements problems that have been noted in various countries including the United Kingdom include poor specification writing, disparities between bill of quantities and drawings and specifications, constituting poorly prepared tender documents (Brook, 2004).

In the tendering process, the purchaser places an advertisement that invites the suppliers to participate in a sealed bid process to offer to supply goods and services.

In Kenya, advertisement may be done through the local dailies or other media such as the local radio and TV stations that can widen the scope of the targeted disadvantaged firms. In the tendering process, there is significant administrative cost, like cost of advertisement in the newspaper (Khain, 2012). When placing an advertisement inviting bidders to express interests to tenders, it is imperative that the advertisement includes adequate and elaborate description of the tender to allow the prospective tenderers to decide whether they wish to prepare a tender, or link to the location where this information is available, the location where the tender documents may be obtained, including the name, telephone numbers and email of the contact officer, a tender reference number where tenders are to be lodged and the closing date and time, and any other important dates and deadlines. Potential suppliers are invited to submit their offers by completing the available tender documents (Pauw, 2002). The sets of documents are issued to bidders and a record is kept of the potential vendors that collect documents. Sometimes there is a deposit payable that is refunded if a bid is submitted or documents are returned (Steyn, 2010).

Official opening procedures should be prescribed to avoid any irregularities. Tenders should be opened in public and in the presence of all the competing suppliers. In addition, particulars of each of the tender should be announced in public and entered into an official tender register that should be kept for auditing purposes (Gildenhuis, 2002). The procuring entity will open all tenders in the presence of the tenderers or their representatives who choose to attend, at (time, day and date of closing) and in the location that is specified in the invitation to tender. The tenderers' representatives who are present shall all sign a register evidencing their attendance. The tenderers' names, tender modifications or withdrawals, tender prices, discounts and the presence or absence of requisite tender security and such other details will be announced at the opening (PPOA), potential vendors that collect documents. Sometimes there is a deposit payable that is refunded if a bid is submitted or documents are returned (Steyn, 2010).

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The tenderers' names, tender modifications or withdrawals, tender prices, discounts and the presence or absence of requisite tender security and such other details will be announced at the opening (PPOA) (Venn, 2015). Some of the areas that the winning bidder and the purchasing corporation can negotiate and agree upon may include discounts, whether it will be negotiated or hidden, prompt payments, and bulk purchases, monthly, annual or biannual order (Van Bon, 2005). Another point may be on the terms of payment whereby the two parties can agree on the timing, mode of payment, and any other details. When the final agreement has been reached relating to the bid, the purchaser can then write and sign an agreement with the winning bidder on the terms and conditions of the contract.

The evaluation processes involved in the tendering process are another factor that greatly affects participation to public procurement opportunities (Najeeb, 2014). SMEs perceive public procurement processes as complex, costly and time-consuming (Inter Trade Ireland, 2009). Most SMEs usually lack formality in terms of business licenses, value-added tax (VAT) registration, formal business premises, operating permits and accounting procedures required by the Public Procurement and Disposal Act (2005) as well as the Public Procurement Regulations (2006). Tax avoidance and non-compliance with various business registration formalities could be attributed to their limited capital base and only rudimentary technical or business skills among their operators (Wasonga, 2008). According to Wangai (2014), most SMEs lack important documents and they end up being eliminated in the very first stages of public contracting. Additionally, there is no clear government policy in operation to guide SME development.

Hyytinen (2005) states that in the recent models of procurement bidding/auctions it is typically assumed: that the object of bidding is very complex; that there are at least potentially major quality differences in the bids; that these qualities of bids are initially the bidders' private information, and; that delegation is inevitable. Indicative bidding is a practice commonly used in sales of complex and very expensive assets. That is, the most qualified bidders will not be reliably selected to be on the short list

competing in the second - stage bidding. Given the widespread use of indicative bidding and the billions of dollars involved, this efficiency loss could be substantial. According to Ruggeri and Rios (2004), increasing competition in the current economy is forcing companies to formally evaluate the risks of participating in bidding in order to avoid undercapitalization. Scientists at the University Rey Juan Carlos, Madrid, have developed a general framework for addressing the issue of bid formulation in procurement auctions. The goal of this project is to improve their current approach to bid formulation by considering all the inherent uncertainties in the process. Among other things, this involves providing models for internal risks (cost uncertainty), external risks (abnormal unforeseen events) and economic risks (uncertainty regarding winning the auction).

Within the independent private value (IPV) paradigm, as the number of potential bidders increases, bidders equilibrium bidding behaviour can become less aggressive (Zheng, 2007) .Thus, increasing competition may not be always desirable for the government, meaning that our result, while somewhat counter intuitive and surprising because of the pure IPV paradigm under consideration, can have important policy implications. This result can also be used to test empirically whether entry is an important part of the decision making process. According to Venn (2015), the result is driven by the interaction of two opposite effects: the competition effect and the entry effect. They continue to add that while the competition effect is always negative as usual, the entry effect is always positive and therefore this positive entry effect suggests to a winning bidder that may have overestimated the intensity of entry.

A study by Ngure and Simba (2014) established that the government was still shouldering the blame for the slim uptake of tenders earmarked for the disadvantaged firms. It emerged that the country's procurement procedures were still bureaucratic and lack the desired transparency. More importantly, the study found that some of the contracts are "abnormally" capital intensive, thus locking out would-be beneficiaries who are financially lightweights. Because of the limitations, enterprises that qualify to undertake the government jobs can only get the very basic contracts. This is a view that is entrenched within the government, with all the procuring entities setting aside what is known within the procuring entities as „grass cutting“ jobs for the youth, women and persons with disabilities. Thus contracts set aside for these firms will include delivery of flowers, newspapers, office stationery, cleaning services and

maintenance of grounds. The latter involves maintenance of gardens and hence the name grass cutting.

2.4.4 Intervening Variable

Bureaucratic Procurement Processes is another factor that greatly affects youth participation to public procurement opportunities (Nancy, 2014). Proprietors of youth owned firms perceive public procurement processes as complex, costly and time-consuming (Inter Trade Ireland, 2009). Most of these firms usually lack formality in terms of business licenses, value-added tax (VAT) registration, formal business premises, operating permits and accounting procedures required by the Public Procurement and Disposal Act (2005) as well as the Public Procurement Regulations (2006). Tax avoidance and non-compliance with various business registration formalities could be attributed to their limited capital base and only rudimentary technical or business skills among their operators (Wasonga, 2008). According to Wangai (2014), most of the youth owned firms lack important documents and they end up being eliminated in the very first stages of public contracting. Additionally, there is no clear government policy in operation to guide the development of these firms.

Politics also play a big role in influencing public procurement. Despite the legal and institutional reforms that have occurred in the public procurement sector in Kenya, Public Procurement Law has failed to eradicate political corruption in the sector. Over 80 percent of corrupt practices in Kenya still occur in public procurement (KACC Perception Survey, 2010). According to Njuguna (2012), infamous scams such as the Anglo-Leasing Security Contracts, maize importation, mismanagement of Free Primary Education (FPE) funds, sale of Grand Regency Hotel to Libyan investors, Triton Oil scam and sale of Kenya's Embassy in Japan all relate to corruption and impunity in public procurement.

2.4.5 Participation of Youth Owned firms in Public Procurement

Most small- and medium-size enterprises (SMEs) in Kenya are owned by young people. Cognizant of the youth unemployment problem, the Kenyan government has instituted policies to procure goods and services from youth-owned businesses. The government's "preferential procurement policy" has reserved 30 percent of these expenses to be paid to enterprises owned by youth, women and the disabled (Njiraini & Wangombe, 2016). However, questions still linger on whether this new

procurement policy help Kenya's youth find much-needed employment opportunities. According to Kim (2017), this is not necessarily the case, unless broader measures are taken. Lessons from the country's history underscore this opinion. The strategy for promoting a preferential procurement policy is not new. In 2005, 25 percent of Kenya's public procurement was reserved for SMEs. However, this policy lacked regulations to aid in its implementation and, consequently, there was an abysmal uptake of the quota by its intended beneficiaries. The new 30 percent policy is backed by new regulations that should help redress this problem. However, the policy's success still remains to be seen (KIPPRA (2015)).

Economic theory, specifically the principal-agent dilemma, also provides some important lessons. The principal—in this case, the small informal enterprises—must deal with enormous transactions costs in supplying their wares to the agent—the government agencies and departments. These costs include registering as a government supplier, which requires paying a fee without receiving any guarantee of successful registration. The process itself is complex, time-consuming and expensive, which are perfect conditions for rent-seeking behavior. There are also costs associated with financing goods and services until the government agency pays its dues (Wleh, 2015).

A study by KIPPRA (2015) found that more than 30 percent of public sector contractors in Kenya consider the government to be slow in honoring its payments. Redressing the problem by litigating against the public entities is often too strenuous for SMEs to bear. Furthermore, these delays can be prohibitive for some contractors. For example, 26 percent of those surveyed indicated they can participate in the procurement process only if payments are prompt. There are also disincentives for government agencies to contract with SMEs. For example, from the government's perspective, the costs of evaluating many bids from small, informal enterprises are much higher than the costs of evaluating a few bids from large, formal companies.

Another study by Wleh (2015) on the factors that influence the youth's uptake of government procurement opportunities, the study established that Access to information, Access to Finance, Legal Framework and Ethics in Procurement are the key underlying factors that influence youth's uptake government procurement

opportunities in government ministries in Kenya. In regard to the relationship between the underlying factors identified and the youth's uptake of government procurement opportunities, the study concludes that there is a strong and positive relationship between the factors identified and the youth's uptake of government procurement opportunities in government ministries in Kenya. The underlying factors accounts for or explains 81% of the total variance in uptake of procurement opportunities by the youth.

All of this makes it unlikely that Kenya's 30 percent preferential procurement policy will be fully utilized and, in turn, create substantial new employment opportunities for youth. What is needed is a more comprehensive approach, and there are a number of measures that the Kenyan government can take in order to support the procurement policy without compromising its integrity. Arguably, the very success or failure of the policy hinges on whether or not these supporting measures are put in place (Kim, 2017).

2.5 Critique of Existing Literature

Though the government has made it clear that the youth and other disadvantaged firms are eligible for public procurement tenders through the AGPO, majority of the youth enterprises have been unable to access the procurement opportunities in the government. Research has also found that quality of services and goods delivery is compromised. This is because the youths have been unable to meet the set quality standards due to limited technical inability. There is need for proper research on the extent to which AGPO implementation is affected in Nakuru County Government. Little has been done in relation to factors affecting AGPO implementation. Usually, the metrics proposed in managing AGPO implementation are related with milestones and costs aspects.

2.6 Research Gaps

A vast number of scholars have researched on the factors affecting participation of SMEs and entrepreneurs in public procurement. Even bigger is the number of scholars that has dealt with SMEs financing, patronage/ corruption and training separately in relation to public contracting. Very little has been done with regard to youth enterprises as a unique firm. This generalization of SMEs has led to overshadowing of some disadvantaged firms such as the youth. As observed by Kamau et.al. (2014)

there has been no systematic attempt to look at public procurement from a youth perspective. The tendency has been either to subsume the youth into general adult population or to ignore their efforts to forge a livelihood through enterprise activities (Thai, 2001; Kamau *et.al.* 2014).

The key variables of the present study, that is, technical readiness, business profiles and tendering bureaucracy with regard to the youth have also not received considerable research attention. For example, Ayoti (2012) study on the factors influencing effectiveness in tendering process in Kenya Urban Roads Authority, Kenya Highway Roads Authority and Kenya Rural Roads Authority in Central Region Nyeri County. While highlighting that lack of a strong procurement profession and inadequate training of staff led to failure to employ good practices in procurement, creating inefficiencies and high costs in the tendering process in the county, the study, however, did not mention youth involvement in the roads tendering process. Therefore, it is difficult to establish whether the youth participated in these tenders.

Studies on the impact of business profile on the ability of firms to participate successfully (Obanda, 2011; Mwikali & Kavale, 2012) indicated that there SMEs faced considerable challenges in making successful bids in the tendering process. This included insufficient knowledge of the formal tendering process; no feedback was made available about previous unsuccessful tenders. Similarly, it was also established that cost, technical capability, quality assessment, organizational profile, service levels, supplier profile and risk factors-which were business profile predictors- in that relative order affected supplier selection. However, the scopes of the studies were only on SMEs and nothing was said in relation to youth enterprises ability to meaningfully participate in the tendering processes.

Nderitu and Kabare (2016) found that preparing tender documents, invitation to tender, and evaluation of bids, selection and contract award had a statistically significant effect on the procurement performance of state corporations in Kenya. However, the study did not focus on the supplier categories and, hence, it could was not possible to establish the extent to which the youth enterprises were involved in procurement activities in state corporations. Ngure and Simba (2014) established that the government was still shouldering the blame for the slim uptake of tenders

earmarked for the disadvantaged firms. It emerged that the country's procurement procedures were still bureaucratic and lack the desired transparency. However, the issue of tendering evaluation process was not discussed at length and, hence; it was not possible to establish how this affected the participation of youth in public procurement. Thus, it is evident that the studies done so far have not comprehensively addressed the factors affecting youth participation in public procurement. The present study sought to examine these factors closely and establish how they affect youth participation in public procurement.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter focuses on the methodology that was used such as the research design, study population, sampling size and sampling procedures, data collection instruments, methods that were used in the analysis of data.

3.2 Research Design

The research design adopted in this study was the survey research design. A survey may focus on opinions or factual information depending on its purpose, but all surveys involve administering questionnaires to individuals. Survey research design is an efficient method for systematically collecting data from a broad spectrum of individuals and educational settings. A survey design involves asking a large firm of respondents' questions about a particular issue. The researcher can then use statistical techniques to make conclusions about the population based on the sample. The design was appropriate because it was used to assess the opinions and attitude on events people and procedures (Mugenda & Mugenda, 2009). The design was deemed appropriate for this study since it made it possible to collect a large amount of data on the study problem from the youth enterprises with minimum effort. It also enables generalizations to be made on the outcome of the study.

3.3 Target Population

The target population is members of a real or hypothetical people to whom a researcher wishes to generalize the results of the study (Gall, Borg & Gall, 2003). The study targeted 73 Youth-owned companies in Kericho County (PPOA, 2015). From these, the accessible population was the owners of the firms. This population was chosen due to the fact that they made the firms overall decisions and, further, most had registered and had premises in the County and, hence could be traced.

3.4 Sampling Size and Sampling Procedures

The sampling frame describes the list of all population units from which the sample is selected (Cooper & Schindler, 2008). It is a physical representation of the target population and comprises all the units that are potential members of a sample (Kothari, 2004). The study identified the respondents through the youth officer in the county (Appendix III). Since the target population was small, the study adopted the

census method, hence, there was no need for sampling. Miles (2004) asserts that one approach is to use the entire population as the sample and is the best sample for any research. However, cost considerations make this impossible for large populations; census sampling is attractive for small populations like 200 or less. A census sampling technique eliminates sampling error and provides data on all the individuals in the population. Moreover, developing the sampling frame and some costs such as questionnaire design are "fixed," that is, they will be the same for samples of 30 or 200. Virtually the entire population would have to be sampled in small populations to achieve a desirable level of precision.

3.5 Data Collection Instruments

The study will use self-administered questionnaire (see Appendix II & III) as the data collecting instrument. Closed ended items were used in the questionnaire. The selection of this tool was guided by the nature of data to be collected, time available and the objectives of the study. It has quite a number of advantages which include: confidentiality; time saving; and reduced interviewer bias. Questionnaires also have the advantages of low cost, easy access, physical touch to widely dispersed samples (Fowler, 1993) and also the fact that the results are quantifiable. However, the use of questionnaires requires careful preparation as it could easily confuse the respondents, or discourage them, or simply fail to capture important information needed in the study (Mugenda & Mugenda, 2003). This enables the researcher to reduce both researcher and respondent biases.

3.6 Validity and Reliability

This study used questionnaires after pilot testing them for correctness and accuracy on 10 non-participatory respondent sample in Youth-owned firms in Nakuru County. Validity and reliability tests were then carried out for standardization of the research instruments.

3.6.1 Instrument Validity

Validity is the accuracy and meaningfulness of inferences, which are based on the results. It is a measure of how well a test measures what it is supposed to measure. It is concerned with the accurate representation of the variables under study. It is influenced by systematic error in data. The study adopted content validity to show whether the test items represent the content that the test is designed to measure

(Mugenda & Mugenda, 2009). In order to ensure that all the items used in the questionnaires were consistent and valid, the instruments were subjected to scrutiny and review by experts in JKUAT. The items were rephrased and modified to avoid ambiguity before being used for data collection.

3.6.2 Instrument Reliability

In research no two interviewers are alike and the same person (respondent) may provide different answers to different interviewers (Kombo & Tromp, 2006). The manner in which a question is formulated can also result in inaccurate responses since individuals tend to furnish the interviewers with false answers to particular questions. This necessitates the need for reliable instruments to enable the researcher to extract accurate information from the respondent (Mugenda & Mugenda, 2003) in order to maximize the reliability and validity of the data collected.

Reliability is the measure of the consistency of the results from the tests of the instruments. It is a measure of the degree to which a research instrument yields consistent results or data after repeated trials. Internal consistency was employed by the study to check the reliability of the research instruments. This was done by calculating the Cronbach's alpha coefficient for all the sections of the questionnaire from the results of the pilot study. Any value of the Cronbach's alpha coefficient above 0.7 show high internal consistency and was deemed acceptable for study (Cronbach & Azuma, 1962). Therefore, the researcher considered coefficient alpha greater than 0.7 to indicate reliability of the research instrument. The results for all the items are summarized in Table 3.3.

Table 3.3 Test of Reliability of the Instrument

Questionnaire Construct	Number of Items	Reliability (Cronbach's Alpha Score)	Comment
Technical readiness	8	0.7287	Reliable
Business profiles	6	0.7021	Reliable
Tender evaluation process	7	0.8001	Reliable
Participation in public procurement projects	7	0.9322	Reliable
Total number of items	28		
Overall Reliability		0.8207	Reliable

Source: (Pilot Study, 2017)

3.7 Data Collection Procedures

The study used primary data and secondary data. Primary data was collected directly from the respondents using the research instruments while secondary data was collected in form of records from reports and other relevant publications. Both for legal and ethical considerations, the researcher obtained a permit before embarking on the actual study. Permission to conduct this research was sought from the relevant authorities in advance. Care was taken to ensure that the data was scored correctly, and systematic observations made. Every respondent was approached through the management separately and handed the questionnaires to fill in his/her own time. The questionnaires were then collected at a later date specified to the respondent.

3.8 Data Processing and Analysis

Data obtained from the questionnaires were first cleaned and edited before being coded and subjected to further analysis. The Likert scales in closed ended questions in the questionnaires were converted to numerical codes and be scored on 1-5 point scale in order of magnitude of the construct being measured. They were then entered into the Statistical Package for Social Sciences (SPSS) version 21.0 computer program. Descriptive statistical analysis was done using, frequencies and percentages to describe the basic characteristics of the data. Inferential data analysis was done using the Pearson's Product-Moment Correlation Coefficient. Correlation analyses was used to measure the relationship between variables. The importance of this was to allow the generalization of the results of the analysis to the larger population. More specifically, the researcher used multiple regression model to establish if the relationship between the independent variables and the dependent variables were statistically significant. The multiple regression model was assumed to hold under the equation;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Where;

Y represents participation of Youth Enterprises in Public Procurement Projects

β_0 represents the regression model Constant

X_1 represents Technical Readiness

X_2 represents Business Profiles

X_3 represents Tender Evaluation Process

e Represents the estimated error of the regression model

β_i are the coefficients of the variables determined by the model

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND DISCUSSIONS OF FINDINGS

4.1 Introduction

This chapter presents results arising from the analysis of data collected using questionnaires. The data collected was analyzed using descriptive and inferential statistical methods for each variable and the findings presented in tables, and their implications discussed.

4.1.1 Response Rate

Table 4.1 shows the response rate of the questionnaires.

Table 4.1: Response Rate

Target No. of respondents	No. of questionnaires Returned	Response Rate (%)
79	70	88

The high questionnaire response rate (88%) shown in Table 4.1 resulted from the method of administration of the instrument, which was in this case self-administered. This was acceptable according to Mugenda and Mugenda (2003). This method also ensured that the respondents' queries concerning clarity were addressed at the point of data collection; however, caution was exercised so as not to introduce bias in the process. The other 9 questionnaires were not returned by the respondents, hence, they were not included in the study.

4.2 Demographic Characteristics of the Respondents

The study sought to determine the demographic characteristics of the respondents as they are considered as categorical variables which give some basic insight about the respondents. The characteristics considered in the study were; range of ages of the respondents; gender; highest level of education attained by them and; number of years firms had been in operation in Kericho County. The findings on these are summarized in Table 4.2.

Table 4.2: Demographic Characteristics of the Respondents

Variable	Category	Frequency	Percentage(%)
Gender of Owners	Male	43	62
	Female	27	38
Age of Owners in Years	19 – 23	9	13
	24 – 28	10	14
	29 - 33	30	43
	34 - 38	21	30
Level of Education	Certificate	13	19
	Diploma	29	41
	Bachelors Degree	15	22
	Masters Degree	13	18
Number of years firm has been in operation In Kericho County	1 yr	15	22
	2 yrs	27	39
	3 yrs	17	24
	4 yrs	11	15

The findings in Table 4.2 suggest that majority (62%) of the respondents were male although the high proportion of females indicated that a significant number of young women in the area had also registered their firms for business. The results also indicate that majority (43 %) of the respondents were aged between 29 – 33 years of age. Concerning the level of education, the results indicate that majority (41%) of the respondents had diplomas as their highest academic qualifications although there was also a considerable number with post graduate qualifications. Majority (39%) of the firms had been in operation in the county in the two years. These findings imply that majority of the respondents had reasonable level of education for their line of work and youthful, therefore, implying that there was a possibility of good response from the point of understanding the procurement systems of the county government.

4.3 Descriptive Analysis Results

This section presents the results of the descriptive statistical analyses of the data and their interpretations. The descriptive statistics used are the frequencies, percentages and chi-squares. The descriptive statistics helped to develop the basic features of the study and form the basis of virtually every quantitative analysis of the data. The results were presented in terms of the study objectives.

4.3.1 Technical Readiness and Youth Participation in Public Procurement

Projects

The first objective of the study was to determine how technical readiness affects the participation of youth-owned companies' in public procurement projects in Kericho County. A 5 point Likert scale was used to rate responses of this variable and it ranged from; 1 = strongly disagree to 5 = strongly agree. The closer the mean score on each score was to 5, the more the agreement concerning the statement. A score around 2.5 would indicate uncertainty while scores significantly below 2.5 would suggest disagreement regarding the statement posed. The findings are presented in Table 4.3.

Table 4.3: Technical Readiness and Youth Participation in Public Procurement Projects

Statements	SA Freq(%)	A Freq(%)	N Freq(%)	D Freq(%)	SD Freq(%)	Mean	Std. Deviation
Most of the youth firms applying for tenders have all the requirements in order	6(8)	7(10)	8(11)	27(39)	22(32)	2.22	0.673
The youth firms demonstrate conversance with the public tendering processes	5(11)	8(11)	8(11)	28(40)	21(31)	2.25	0.688
The youth firms do not demonstrate financial capability when applying for tenders	4(5)	6(9)	8(12)	28(40)	24(34)	2.11	0.62
Most youth firms are able to withstand delays in payment until the procurement cycle is complete	4(6)	7(9)	9(13)	25(36)	25(35)	2.15	1.226
Availability of finances increases youth participation in public procurement	13(18)	33(47)	13(19)	6(9)	5(7)	3.68	0.968
Public procurement training enhances youth participation in public procurement	13(19)	25(36)	9(13)	15(22)	7(10)	3.24	1.31
Access to tender information boost youth participation in Public Procurement	23(33)	34(49)	11(16)	1(1)	1(1)	4.18	1.211
Most youth firms do not demonstrate difficulty in understanding public tendering procedures	1(2)	7(10)	11(16)	32(45)	19(27)	2.17	1.266
Aggregate Scores						2.875	0.9952

N = 70

The findings in Table 4.3 suggest that majority of the youth firms applying for tenders did not have all the requirements in order (Mean = 2.22). However, most of the youth firms do not demonstrate conversance with the public tendering processes (Mean = 2.25). The findings also suggest that most of the youth firms do demonstrate financial incapability when applying for tenders (Mean = 2.11) and as such are unable to withstand delays in payment until the procurement cycle is complete (Mean = 2.15). Further, according to the findings, most of the respondents agreed that availability of finances increases youth participation in public procurement (mean = 3.68). In addition, public procurement training enhances youth participation in public procurement (Mean = 3.24). Access to tender information boost youth participation in Public Procurement (Mean = 4.18). Also, Most youth firms did demonstrate difficulty in understanding public tendering procedures (Mean = 2.17). The aggregate score of all items in this objective was not significantly higher than the mid-point 2.5 implying that there was uncertainty among the respondents regarding the technical readiness affects the participation of youth-owned companies' in public procurement projects in the area. The varying levels of agreements imply that the respondents were not fully convinced that the youth-owned companies were technically ready for the procurement assignments. These findings agree with Banda, (2011) and Mwikali and Kavale (2012) who found that youth-owned businesses faced considerable challenges in making successful bids in the tendering process. These were particularly manifest in their lack of technical readiness and included insufficient knowledge of the formal tendering process; no feedback was made available about previous unsuccessful tenders.

4.3.2 Business Profiles and Youth Participation in Public Procurement Projects

Examining how business profiles affects the participation of youth-owned companies' in public procurement projects in Kericho County was the second objective of the study. A 5 point Likert scale was used to rate responses of this variable and it ranged from; 1 = strongly disagree to 5 = strongly agree. The closer the mean score on each score was to 5, the more the agreement concerning the statement. A score around 2.5 would indicate uncertainty while scores significantly below 2.5 would suggest disagreement regarding the statement posed. The findings are presented in Table 4.4.

Table 4.4: Business Profiles and Youth Participation in Public Procurement

Projects							
	SA	A	N	D	SD	Mean	Std. Deviation
Statements	Freq(%)	Freq(%)	Freq(%)	Freq(%)	Freq(%)		
Most youth companies we deal with have a history of tendering elsewhere	4(5)	6(9)	8(12)	28(40)	24(34)	2.11	0.734
The youth companies demonstrate capability of delivering on big contracts	3(4)	6(9)	8(12)	29(42)	23(33)	2.04	0.724
We only award tenders to locally registered and operating youth firms	19(27)	32(45)	15(21)	4(5)	1(2)	3.91	0.788
We often scrutinize the history of the youth companies before awarding them tenders	18(25)	32(46)	15(21)	4(5)	2(3)	3.8	0.939
We give preference to companies which are beneficiaries of YEDF	22(31)	34(48)	11(16)	2(3)	1(2)	4.05	0.83
We often demand assurance from the youth companies that they are not fronting for other big companies	18(26)	34(49)	14(20)	3(4)	1(1)	3.94	1.485
Aggregate Scores						3.308	0.9167
N=70							

The findings in Table 4.4 indicate that most youth companies the respondents dealt with did not have a history of tendering elsewhere (Mean = 2.11). The findings also indicate that majority of the youth companies also did not demonstrate capacity of delivering on big contracts (Mean = 2.04). It was also evident that tenders were only awarded to locally registered and operating youth companies (Mean = 3.91) as a matter of policy. However, the history of the youth companies was often scrutinized before awarding them tenders (Mean = 3.8) and preference was given to companies which are beneficiaries of YEDF (Mean = 4.05). Also, the County procurement management often demanded assurance from the youth companies that they are not

fronting for other big companies (Mean = 3.94). The aggregate score of all items in this objective was also significantly higher than the mid-point 2.5 suggesting that there was more the agreement concerning the statements describing business profiling of the youth-owned companies prior to awarding them procurement contracts in the County. The findings agree with Wanjohi (2012) that most youth owned enterprises were constrained when bidding for procurement projects. Kathure (2014) identified the key constraints being lack of adequate finance and lack of business experience.

4.3.3 Tender Evaluation Process and Youth Participation in Public Procurement

The third objective of the study was to examine how tender evaluation process affects the participation of youth-owned companies' in public procurement projects in Kericho County. A 5 point Likert scale was used to rate responses of this variable and it ranged from; 1 = strongly disagree to 5 = strongly agree. The closer the mean score on each score was to 5, the more the agreement concerning the statement. A score around 2.5 would indicate uncertainty while scores significantly below 2.5 would suggest disagreement regarding the statement posed. The findings are presented in Table 4.5.

Table 4.5: Tender Evaluation Process and Youth Participation in Public Procurement

Statements	SA Freq(%)	A Freq(%)	N Freq(%)	D Freq(%)	SD Freq(%)	Mean	Std. Deviation
The regulations governing tender evaluation process discourages youth participation in public procurement	12(17)	39(56)	16(23)	1(2)	1(2)	3.84	0.953
Most youth firms still have a low level of confidence in public tender evaluation process	10(14)	55(81)	2(2)	2(2)	1(1)	4.05	0.677
Reduced confidence in access to Government procurement opportunity- AGPO Initiative affects youth participation in public procurement.	10(14)	41(59)	15(21)	4(6)	0	3.8	0.807
The tender prequalification process shuts out most youth firms	14(20)	12(17)	13(19)	20(29)	11(15)	2.95	0.766
Most youth firms do not follow up with the bid opening process	15(21)	20(28)	12(17)	17(24)	7(10)	3.29	0.815
Youth firms are seldom awarded high value contracts by the county governments	16(23)	34(49)	14(20)	4(6)	1(2)	3.89	0.751
Youth firms still face significant challenges in obtaining LPO financing at competitive rates	20(28)	41(59)	8(11)	1(2)	0	4.16	0.898
Aggregate Scores						3.711	0.8096

N=70

It is evident from the findings in Table 4.5 that regulations governing tender evaluation process discourages youth participation in public procurement (Mean = 3.84). As such most youth firms still have a low level of confidence in public tender evaluation process (Mean = 4.05). Most respondents agreed that reduced confidence in access to Government procurement opportunity- AGPO Initiative affects youth-owned companies participation in public procurement. (Mean = 3.8). However, there was uncertainty whether the tender prequalification process shuts out most youth firms (Mean = 2.95). Most youth-owned companies do not follow up with the bid

opening process (Mean = 3.29). Also, according to the findings, youth-owned companies were seldom awarded high value contracts by the county governments (Mean = 3.89). Further, most youth-owned companies in the area still faced significant challenges in obtaining LPO financing at competitive rates (Mean = 4.16). Looking at the results, it can be observed that the mean score on each item in this objective was significantly higher than the mid-point 2.5 implying that there was more the agreement with the statements regarding the effects of tender evaluation process on the participation of youth-owned companies' in public procurement projects in the County. These results agree with Ngure and Simba (2014) who established that the government was still shouldering the blame for the slim uptake of tenders earmarked for the disadvantaged firms. The study also established that the country's procurement procedures were still bureaucratic and lacked the desired transparency.

4.3.4 Participation of Youth-Owned Companies' in Public Procurement Projects

Finally, the study sought to evaluate the participation of youth-owned companies' in public procurement projects in Kericho County. A 5 point Likert scale was used to rate responses of this variable and it ranged from; 1 = strongly disagree to 5 = strongly agree. The closer the mean score on each score was to 5, the higher the agreement with the statements. A score around 2.5 would indicate uncertainty while scores significantly below 2.5 would suggest disagreement with the statements posed. The findings are presented in Table 4.6.

Table 4.6: Participation of Youth-Owned Companies' in Public Procurement Projects

Statements	SA Freq(%)	A Freq(%)	N Freq(%)	D Freq(%)	SD Freq(%)	Mean	Std. Deviation
Most of the registered youth-owned companies in the area have at some point benefitted from the public tenders	1(2)	4(6)	8(11)	37(53)	29(28)	2.05	0.749
The youth-owned companies have upscaled their capabilities to bid competitively for tenders	9(13)	17(24)	14(20)	20(29)	10(14)	2.94	0.837
Most of the youth-owned companies deliver on their contracts in good time	9(13)	15(22)	14(20)	20(29)	11(16)	2.89	0.768
The quality of procurement by the youth-owned companies has significantly improved	11(15)	20(29)	15(21)	17(24)	8(11)	3.11	0.737
We are looking to increase the number of youth-owned companies into the public procurement process in our area	18(25)	23(33)	12(17)	13(18)	5(7)	3.52	1.108
Most youth-owned companies are easy to deal with in terms of procurement	7(10)	12(17)	11(16)	25(36)	15(21)	2.57	1.046
The youth-owned companies are well able to absorb all the tenders in the quotas allotted to them within the 30% provisions for disadvantaged firms	2(3)	4(5)	7(10)	36(52)	21(30)	1.84	0.854
Aggregate Scores						2.702	0.8713

The results in Table 4.6 suggest that most of the respondents disagreed that majority of registered youth-owned companies in the area have at some point benefitted from the public tenders (Mean = 2.05). The findings also suggest that most of the youth-owned companies have not as yet up scaled their capabilities to bid competitively for tenders (Mean = 2.94). Most of the youth-owned companies also seldom deliver on their contracts in good time (Mean = 2.89). However, there was a feeling that the quality of procurement by the youth-owned companies has significantly improved (mean = 3.11). The County procurement management also affirmed that it was looking to increase the number of youth-owned companies into the public procurement process in our area (Mean = 3.52) implying that the level of participation

of youth-owned companies in public procurement projects in the area was still low. The findings, however, indicate that most youth-owned companies were not easy to deal with in terms of procurement (Mean = 2.57). Moreover, the youth-owned companies are well able to absorb all the tenders in the quotas allotted to them within the 30% provisions for disadvantaged firms (Mean = 1.84). The mean score on each item in this objective was also not significantly higher than the mid-point 2.5. This implies that the level of performance of the youth-owned companies' in public procurement projects in Kericho County was still unsatisfactory. These findings agreed with Ayoti (2012) whose study revealed that the levels of procurement participation in government contracts especially for non-traditional suppliers such as youth-owned companies was challenging due to the requirements and capability of the inexperienced tenderers.

4.4 Correlation and Regression

To evaluate the relationships between the dependent and independent variables and subsequently test the hypothesis, correlation and multiple regression analysis was done and the findings discussed as follows.

4.4.1 Correlation Analysis

In this subsection a summary of the correlation analyses is presented. The significance of the correlations was determined at $p \leq 0.05$. The results are summarized in Table 4.7.

Table 4.7: Summary of Correlations

		Technical readiness	Business profiles	Tender evaluation process	Participation in public procurement projects
Technical readiness	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	70			
Business profiles	Pearson Correlation	0.051	1		
	Sig. (2-tailed)	0.21			
	N	70	70		
Tender evaluation process	Pearson Correlation	0.19	0.646	1	
	Sig. (2-tailed)	0.231	0.332		
	N	70	70	70	
Participation in public procurement projects	Pearson Correlation	-.361**	.203*	.120*	1
	Sig. (2-tailed)	0.000	0.001	0.005	
	N	70	70	70	70

** . Correlation is significant at the 0.01 level (2-tailed).

The first correlation was done to determine whether technical readiness significantly affects the participation of youth-owned companies' in public procurement projects in Kericho County. The results in Table 4.7 shows that a significant relationship ($r = -0.361$, $p \leq 0.05$) existed between the variables. Further, the Pearson's product moment coefficient of correlation indicated that a moderate and negative relationship existed between the variables suggesting that lack of technical readiness was adversely affecting the participation of youth-owned companies' in public procurement projects in the area. This led to the rejection of the null hypothesis, H_{01} : Technical readiness does not significantly affect the participation of youth-owned companies' in public procurement projects in Kericho County.

The study also sought to determine whether business profiles significantly affect the participation of youth-owned companies' in public procurement projects in Kericho County. The correlation results in Table 4.7 indicates that a significant relationship ($r = 0.203$, $p \leq 0.05$) existed between the variables. The Pearson's product moment coefficient of correlation suggests that a weak association existed between the variables. This implies that most youth-owned companies did not have impressive business profiles to warrant them much public procurement contracts in the area. As a result we reject the null hypothesis, H_{02} : Business profiles do not significantly affect the participation of youth-owned companies' in public procurement projects in Kericho County.

It was also important to determine whether tender evaluation process does not significantly affect the participation of youth -owned companies' in public procurement projects in Kericho County. The correlation analysis in Table 4.7 indicates that there was indeed a significant relationship ($r = 0.120$, $p \leq 0.05$) between the variables. The result suggests that given the way things were at the moment, the tender evaluation process were not favorable to the youth -owned companies' and hindered their participation in public procurement projects in the County. Consequently, the null hypothesis, H_{03} : Tender evaluation process does not significantly affect the participation of youth -owned companies' in public procurement projects in Kericho County was rejected.

4.4.2 Regression Analysis

Multiple regression analysis was used to determine the significance of the relationship between the dependent variable and all the independent variables pooled together. This analysis was used to examine how the independent variables influence the dependent variable in such a collective set-up. It was also used to determine the extent to which each independent variable affected the dependent variable and also rank them in order of their importance. The results are given in the model summary in Table 4.8.

Table 4.8: Multivariate linear regression analysis model summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
.507 ^a	0.257	0.221	2.038

a. Predictors: (Constant), Technical readiness, Business profiles, Tender evaluation process

The results in Table 4.8 suggest that the value obtained for R, which is the Pearson's model correlation coefficient is $r = 0.736$ was sufficiently high indicating that the model improved when more variables were incorporated when trying to establish the determinants of youth-owned companies' participation in public procurement projects in Kericho County, Kenya. The adjusted r-square value of, $r = 0.221$, also suggests that the regression model could explain for approximately 22% of the changes in the dependent variable. The results of the ANOVA performed on the independent and dependent variables are summarized in Table 4.9.

Table 4.9: Summary of ANOVA results

	Sum of Squares	df	Mean Square	F	Sig.
Regression	83.29	3	27.7633	6.68557	.000 ^b
Residual	274.08	66	4.15273		
Total	357.37	69			

a. Dependent Variable: Youth companies participation in public procurement projects

b. Predictors: (Constant), Technical readiness, Business profiles, Tender evaluation process

The results of Table 4.9 indicate that there is a significant difference between the observed means of the variables describing the determinants of youth-owned companies' participation in public procurement and the one describing their levels of

participation in public procurement projects in Kericho County. ($F_o = 6.68557 > F_c = 2.68$; $\alpha < 0.05$; $df = 3, 66$; $p = 0.000$). This finding validates the one suggested by Table 4.8, thus, implying that Technical readiness, Business profiles, Tender evaluation process of youth-owned companies' were indeed significant in determining their levels of participation in public procurement projects in Kericho County. The beta value was used to determine the order of importance of the independent variables used in the model, and the results summarized in Table 4.11.

Table 4.11: Multiple Linear Regression Results

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	4.954	1.372		2.469	0.016
Technical Readiness	-.290	.219	-.199	3.781	.001
Business Profiles	.242	.180	.144	1.345	.005
Tender evaluation process	.309	.159	.251	3.456	.000

a. Dependent Variable: Youth companies participation in public procurement projects

The results in Table 4.11 indicate that the most important variable in the model was Tender evaluation process ($\beta = 0.251$). This was followed by Business Profiles ($\beta = 0.251$) and Technical Readiness ($\beta = -0.199$) in that order. The beta values for these variables respectively indicate that the dependent variable, that is, the participation by youth-owned companies in public procurement projects in the County would change by a corresponding number of standard deviations when the respective independent variables change by one standard deviation. Therefore, the resulting linear regression model is:

$$\text{Accountability} = 4.954 - .290\text{Technical Readiness} + .242 \text{ Business Profiles} + .309\text{Tender evaluation process}$$

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of the findings and the conclusions drawn from them, and makes recommendations for stakeholders that can be implemented to help address the problem identified in the study.

5.2 Summary of the Findings

Therefore, the present study sought to examine the determinants of youth participation in public procurement projects in Kericho County, Kenya. Specifically, it sought to determine how technical readiness, business profile and tender evaluation process affects the participation of youth enterprises in public procurement projects in Kericho County.

5.2.1 Technical readiness and participation of youth-owned companies' in public procurement projects in Kericho County

With regard to this objective, the findings revealed that majority of the youth firms applying for tenders did not have all the requirements in order. However, most of the youth firms did not demonstrate conversance with the public tendering processes. The findings also revealed that most of the youth firms had financial constraints when applying for tenders and as such are unable to extend their credit for procurement purposes. Further, most youth firms were unable to withstand delays in payment until the procurement cycle is complete. Further, according to the findings, most of the respondents agreed that availability of finances increases youth participation in public procurement. In addition, public procurement training enhances youth participation in public procurement. Access to tender information boost youth participation in Public Procurement. Also, most youth firms did demonstrate difficulty in understanding public tendering procedures. The aggregate score of all items in this objective was not significantly higher than the mid-point 2.5 implying that there was uncertainty among the respondents regarding the technical readiness affects the participation of youth-owned companies' in public procurement projects in the area. The varying levels of agreements imply that the respondents were not fully convinced that the youth-owned companies were technically ready for the procurement assignments. Correlation

results, however, indicated that a moderate and negative relationship existed between the variables suggesting that lack of technical readiness was adversely affecting the participation of youth-owned companies' in public procurement projects in the area. It was also established to be the least influential determinant in the regression model.

5.2.2 Business profiles and participation of youth-owned companies' in public procurement projects in Kericho County

The findings related to this objective revealed that most youth companies in the area did not have a prior history of public tendering elsewhere. In addition, majority of the youth companies also could not demonstrate capacity of delivering on big contracts. The findings also revealed that tenders were only awarded to locally registered and operating youth companies as a matter of policy. However, the history of the youth companies was often scrutinized before awarding them tenders and preference was given to companies which are beneficiaries of YEDF. In addition, the County procurement management often demanded assurance from the youth companies that they are not fronting for other big companies. The aggregate score of all items in this objective was also significantly high suggesting that there was more the agreement concerning the statements describing business profiling of the youth-owned companies prior to awarding them procurement contracts in the County. Correlation findings also revealed that business profiles significantly affected the participation of youth-owned companies' in public procurement projects in the County. However, the relationship between the two variables was weak as suggested by Pearson's product moment coefficient of correlation. This implied that most youth-owned companies did not have impressive business profiles to warrant them much public procurement contracts in the area. Regression results revealed that this was the second most influential determinant in the model.

5.2.3 Tender evaluation process affects the participation of youth-owned companies' in public procurement projects in Kericho County

Finally, concerning tender evaluation process, the findings revealed that regulations governing tender evaluation process discourage youth participation in public procurement. As such most youth firms still had low levels of confidence in public tender evaluation process. Reduced confidence in access to Government procurement opportunity- AGPO Initiative limited youth-owned company's participation in public

procurement. However, there was uncertainty whether the tender prequalification process shuts out most youth firms. It also emerged that most youth-owned companies do not follow up with the bid opening process. Also, the findings revealed that youth-owned companies were seldom awarded high value contracts by the county governments and that most of these companies in the area still faced significant challenges in obtaining LPO financing at competitive rates. Further, the mean score on each item in this objective was significantly higher than the mid-point 2.5 implying that there was more the agreement with the statements regarding the effects of tender evaluation process on the participation of youth-owned companies' in public procurement projects in the County. The correlation analysis indicates that there was indeed a significant relationship between the variables implying that given the circumstances at the moment, the tender evaluation process were not favorable to the youth -owned companies' and hindered their participation in public procurement projects in the County. Consequently, the null hypothesis stating that tender evaluation process does not significantly affect the participation of youth -owned companies' in public procurement projects in Kericho County could not be supported. Indeed, the multiple regression results also confirmed this by revealing that tender evaluation process was the most important variable in the model predicting the participation of youth-owned companies' in public procurement projects in Kericho County.

5.3 Conclusions

Based on the results of the study, it can be concluded that technical readiness of youth-owned companies' in the area was still unsatisfactory and this adversely affected their participation of in public procurement projects in the area. It can also be concluded that the business profiles of the youth-owned companies were important in determining their public procurement contract awards. However, most of them did not have convincing business profiles which made awarding them certain contracts risky. Finally, it can be concluded that the tender evaluation process was the most important determinant affecting the participation of youth-owned companies' in public procurement projects in the County. Essentially, this process determined whether the youth-owned companies would have confidence in the system and thus would be willing to participate in the public procurement process.

5.4 Recommendations

The following recommendations are drawn with regard to the study findings.

- i. The youth owned companies need to invest their resources studying and participating in public procurement in order to gain insight and experience into their workings. It was established that public procurement training enhances youth participation in public procurement and, in addition, access to tender information boost youth participation in Public Procurement.
- ii. The County Governments should not be too strict when vetting the business profiles of the youth-owned companies and instead give them more chances in participation in the public procurement projects so as to enable them build their business profiles. The youth-owned companies on the other hand need to form consortiums when bidding so as to increase their chances of being awarded tenders.
- iii. County governments should encourage youth-owned companies to participate in the tender opening process by giving the youth access to the results of the bidding process so as to enable them understand the prequalification criteria for the public tenders. This will improve their confidence in the process. The youth should also be sensitized about the importance of participating in government procurement projects.

5.5 Areas for Further Research

The following directions for future research should be adopted in relation to uptake of government procurement opportunities by the youth. A cross sectional study into the uptake of government procurement opportunities by the youth involving several counties should be undertaken to give a more general picture of the problem as few studies on this subject have been done in other counties.

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APPENDICES

APPENDIX I: Letter of Transmittal

JACQUELINE .W NDERITU
P.O. Box 13208 - 20100
NAKURU
25th August, 2017

To the Manager.....
P.O. Box
.....

Dear Sir/Madam,

RE: REQUEST TO CARRY OUT RESEARCH WITHIN YOUR ORGANIZATION

I do request to be allowed to carry out the above research within your organization.

I am a post graduate student in Jomo Kenyatta University -Student No. **HD311-C007-4736/2015**. Currently am taking a course in Procurement Management .and doing a research on “*The determinants of youth-owned companies’ participation in public procurement projects in Kericho County, Kenya*”. This research is meant for purely academic purposes; however, evaluation results may be made public after the completion of the study for future researchers and other relevant stakeholders to guide them in their work.

Every care will be taken in the data collection procedure to ensure that it is within ethical limits.

Thank you in advance for your cooperation.

Yours faithfully

Jacqueline Nderitu

Appendix II: Questionnaires for All Respondents

The aim of this study is to examine *the determinants of youth-owned companies' participation in public procurement projects in Kericho County Kenya*. Your opinions as captured in this questionnaire will form the basis of this study and will be held in confidentiality. Therefore you are requested to fill this questionnaire in the most free and honest way possible.

Please tick the appropriate answers in the boxes provided and also write down the appropriate answers in the spaces provided. Do not write your name on the questionnaire. Thank you in advance for your time and cooperation.

Section A: Background Information

1. Gender Male () Female ()
2. Kindly indicate your age in years.....
3. What is your highest academic level attained?
 O-levels () Diploma () Bachelors () Masters ()
 Others (specify) _____
4. How many years have you served as in this firm?
 Less than 5 yrs () 6 – 10 yrs () 11 – 20 yrs ()
 30 yrs and Above ()
5. Designation
 Firm Manager () Firm Director ()

Section B: Technical Readiness

Please rate how you agree with the following statements regarding how technical readiness affects the participation of youth-owned companies' in public procurement projects in Kericho County Kenya. (tick as appropriate).

Key: SA=Strongly Agree; A=Agree; N=Neutral; D=Disagree and SD=Strongly Disagree

Statements	SA	A	N	D	SD
Most of the youth firms applying for tenders have all the requirements in order					
The youth firms demonstrate conversance with the public tendering processes					

The youth firms do not demonstrate financial incapability when applying for tenders					
Most youth firms are able to withstand delays in payment until the procurement cycle is complete					
Availability of finances increases youth participation in public procurement					
Public procurement training enhances youth participation in public procurement					
Access to tender information boost youth participation in Public Procurement					
Most youth firms do not demonstrate difficulty in understanding public tendering procedures					

Section D: Business Profiles

Please rate how you agree with the following statements regarding how business profiles affects the participation of youth-owned companies' in public procurement projects in Kericho County Kenya (tick as appropriate).

Key: SA=Strongly Agree; A=Agree; N=Neutral; D=Disagree and SD=Strongly Disagree

Statements	SA	A	N	D	SD
Most youth firms we deal with have a history of tendering elsewhere					
The youth firms demonstrate capability of delivering on big contracts					
We only award tenders to locally registered and operating youth firms					
We often scrutinize the history of the youth firms before awarding them tenders					
We give preference to firms which are beneficiaries of YEDF					
We often demand assurance from the youth firms that they are not fronting for other big companies					

Section E: Tender Evaluation Process

Please rate how you agree with the following statements regarding how tendering evaluation process affects the participation of youth-owned companies’ in public procurement projects in Kericho County Kenya. (Tick as appropriate)

Key: SA=Strongly Agree; A=Agree; N=Neutral; D=Disagree and SD=Strongly Disagree

Statements	SA	A	N	D	SD
The regulations governing tender evaluation process discourages youth participation in public procurement					
Most youth firms still have a low level of confidence in public tender evaluation process					
Reduced confidence in access to Government procurement opportunity-AGPO Initiative affects youth participation in public procurement.					
The tender prequalification process shuts out most youth firms					
Most youth firms do not follow up with the bid opening process					
Youth firms are seldom awarded high value contracts by the county governments					
Youth firms still face significant challenges in obtaining LPO financing at competitive rates					

Section E: Participation of Youth-owned Companies’ in Public Procurement Project

10. Please rate how you agree with the following statements regarding the participation of youth -owned companies’ in public procurement projects in Kericho County Kenya. (tick as appropriate)

Key:SA=Strongly Agree; A=Agree; N=Neutral; D=Disagree and SD=Strongly Disagree

Statements	SA	A	N	D	SD
Most of the registered youth firms in the area have at some point benefitted from the public tenders					
The youth firms have up scaled their capabilities to bid competitively for tenders					
Most of the youth firms deliver on their contracts in good time					
The quality of procurement by the youth firms has significantly improved					
We are looking to increase the number of youth firms into the public procurement process in our area					
Most youth firms are easy to deal with in terms of procurement					
The youth firms are well able to absorb all the tenders in the quotas allotted to them within the 30% provisions for disadvantaged firms					

Thank You Very Much for Your Cooperation God Bless You

Appendix III: List of Youth Firms Surveyed

NAME OF FIRM	CONTACTS	CATEGORY OF BUSINESS
1. DEALERS LIMITED	ngetich.jared@yahoo.com	GENERAL
2. Blueshift Enterprises	kongabridgid@gmail.com	AGRIBUSINESS
3. TECHKNOW FIRM LIMITED	techknowfirmLtd@gmail.com	GENERAL
4. AVENADE BUILDERS LIMITED	clientmail49@gmail.com	CONSTRUCTION
5. PRIMEVIEW COMPANY LIMITED	primeviewLtd@gmail.com	PROFESSIONAL
6. BENCON FIRM LIMITED	benard.k.chepkwony@gmail.com	CONSTRUCTION
7. Berobz Enterprise	beatybett15@gmail.com	AGRIBUSINESS
8. RIRMARSIBO LIMITED	rirmasibo@gmail.com	CONSTRUCTION
9. INNOVEST VENTURES LIMITED	vivwas2@gmail.com	
10. PRIMEBRAND ENTERPRISES LIMITED	primebrandentLtd@gmail.com	
11. GIFTSHABEL COMPANY LIMITED	giftshabelcompanyLtd@gmail.com	
12. GLOSHEDY CLEANING SERVICES	719237144	
13. BUNDIYOT ENTERPRISES LIMITED	726334452	
14. NILEBLANK COMPANY LTD	nileblankcompany@gmail.com	
Construction/Works		
15. ROJOSTAR INTERNATIONAL COMPANY LIMITED	72306496	ICT Services
16. Buxsson enterprises	kipkoechnyoro@gmail.com	
17. KUSKONG CONTRACTORS AND GENERAL SUPPLIERS LIMITED	707413459	Construction & General
18. KOKOLUU ENTERPRISES LIMITED	725925925	
19. Klemiko holdings Ltd	59klemikoholdings@gmail.com	
20. SMUTBE COMPANY LIMITED	bkmutai@gmail.com	
21. Finstrong Holdings limited	finstrongholdings@gmail.com	
22. Pekochris general and stores limited	koechchristine15@gmail.com	
23. CHARLOGEN LIMITED	988charlomemo@gmail.com	ICT Services
24. Cytech stationers and printers limited	cyruskorir8@gmail.com	ICT Services
25. KERLIAD SERVICES	kerliadservices@gmail.com	
26. KINGDAVY COMPANY LIMITED	KINGDAVYLTD@GMAIL.COM	
27. BEKIRO HOLDINGS LIMITED	bekiroholdings@yahoo.com	
28. ASAB WORKS LIMITED	asabkenya2017@yahoo.com	

29. BARKLEY ENTERPRISES LIMITED barkleyeltd@gmail.com
30. KIPCHOI ENTERPRISE evalinesoi@yahoo.com
31. LASEVENUS ENTERPRISES LAURACHEPS@YAHOO.COM
- 32. DENNFLOX SOLUTIONS LIMITED 725647278**
33. GABS ENGINEERING WORKS LIMITED gabskenya2017@yahoo.com
34. TRIPPLE EYE SOLUTIONS TES COMPANY LIMITED TRIPPLEEYECOLTD@GMAIL.COM
35. WROIGS GENERAL SUPPLIES LIMITED **723089613**
36. COUNTERNINE HOLDINGS LIMITED **716053834**
Construction/Works
37. FUTURE GENSO COMPANY LIMITED FUTUREGENSOLTD@GMAIL.COM
Construction/Works
38. GALLIMACS VENTURES LIMITED **710305261**
39. ELITE TACH SUPPLIERS LIMITED elitetachltd@outlook.com
40. LYDOVER ENTERPRISES lydiajepchesang2017@gmail.com
41. MELITAS COMPANY LIMITED melitascolimited@gmail.com
42. ROSEWOOD INTERNATIONAL LIMITED nimrono@gmail.com
Construction/Works
43. SHAFIKA GENERAL WORKS AND SUPPLIES LIMITED winnycherono@yahoo.com
44. Cooloven Contractors Limited **725244111** Construction/Works
45. MUMANNEST ENTERPRISES LIMITED **716053834** Construction/Works
46. CHESIOROR COMPANY LIMITED **722772867**
47. Donbrick Limited donbricklimited@gmail.com
48. Wil Square Co. ltd toomercy@gmail.com Construction/Works
49. JAKONETT INVESTMENT COMPANY LIMITED jakonett@gmail.com Construction/Works
50. NGETROB ENTERPRISES LIMITED **725987569**
51. DIMAC CONSTRUTIONS LIMITED dunlagat@gmail.com ICT Services
52. KEMAVOKS LIMITED KEMAVOKS@GMAIL.COM Construction/Works
53. MAJSAN ENTREPRISE KIBETSANGA20@GMAIL.COM
54. Chebitet & Sons Co. ltd chebitet.sonsltd@gmail.com Construction/Works
55. WINCHEKITUR INVESTMENTS winnieruto85@gmail.com
56. CHESTER LOGISTICS LIMITED CHESTERKIPKORIR1@GMAIL.COM
57. LIHICA ENTERPRISES chepkiruily44@gmail.com
58. CHEMITAN CONSTRUCTION AND SUPPLIES LIMITED **P O BOX 994-20200 KERICHO**
59. ROBAH LOGISTICS rngetich55@gmail.com

60. DISME ROTT COMPANY LIMITED	dismerottltd@gmail.com
61. FINTEC ENGINEERING LIMITED	evansyegon06@gmail.com
62. KEUMOB INVESTMENTS LIMITED	keumoblited@gmail.com
63. ZAGAM ENTERPRISES LIMITED	zagamenterpises@gmail.com
Construction/Works	
64. PRIKIKI COMPANY LIMITED	prikikiltd@gmail.com
65. SKYTOUCH INVESTMENT	skytouchinv@gmail.com
66. Brevicks enterprises Limited	victorarapchaa@gmail.com ICT Services
67. JOMEWINS INVESTMENTS	chemutaiamanda@gmail.com
68. OVICTORIA REDDS ENTERPRISES	muia.victoria88@gmail.com
69. ROKAL ENTERPRISES LIMITED	JYNKANANU@GMAIL.COM
70. EAGLES ELECTRICAL FABRICATORS AND GENERAL SUPPLIES	rodgersobondo@gmail.com
Retail/Wholesale/Trade	
71. JULYJUN SOLUTIONS	junjulyenterprises@gmail.com
Retail/Wholesale/Trade	
72. EUSAM INVESTMENTS	1269Kiplangatwyke@gmail.com
Retail/Wholesale/Trade	
73. MABSA GENERAL SUPPLIES	CHEBESANG84@GMAIL.COM
Retail/Wholesale/Trade	
74. BROWN VENTURES (E.A) LIMITED	benardkipngeno254@yahoo.com
Retail/Wholesale/Trade	

Source: PPOA (2018)