

**DETERMINANTS OF SUCCESSFUL IMPLEMENTATION OF ETHICAL
PROCUREMENT PRACTICES IN STATE CORPORATIONS
(A SURVEY STUDY OF SELECTED STATE CORPORATIONS IN NAKURU
TOWN)**

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**A RESEARCH PROJECT SUBMITTED TO THE DEPARTMENT OF
ENTREPRENEURSHIP AND PROCUREMENT IN THE SCHOOL OF
HUMAN RESOURCE DEVELOPMENT IN PARTIAL FULFILLMENT
OF THE REQUIREMENT FOR THE AWARD OF DEGREE OF
MASTER OF SCIENCE IN PROCUREMENT AND CONTRACT
MANAGEMENT OF JOMO KENYATTA UNIVERSITY
OF AGRICULTURE AND TECHNOLOGY**

MAY 2018

DECLARATION

This research project is my original work and has not been presented for a degree in any other University.

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DEDICATION

This research project is dedicated first to the Almighty God for His gracious provision and guidance. I also dedicate this research to my family for their support during my studies

ACKNOWLEDGEMENT

I acknowledge my supervisors Emily Wamoto and Wilfred Mbeche for their guidance, positive criticism and passion for this quality work. I further appreciate the entire JKUAT fraternity at Nakuru CBD Campus for their diligence and also for providing conducive learning environment. Lastly, I acknowledge my course mates especially Nancy and Bernard for their encouragement and support.

ABSTRACT

Lack of adequate procurement legislation as well as insufficient transparency and accessibility of the public procurement market has led to poor performance and diminished trust in the system. Procurement professionals need to acknowledge and devise strategies for managing all these complex challenges. The public procurement is marked with a lot of problems which include lack of transparency, political intrigues, lack of informed staff and many more. Unethical practices in public procurement damages the government organizations reputation, causes financial loss, and undermines the public's confidence in the governmental structure and management. The purpose of the study was to establish the determinants of successful implementation of ethical procurement practices in state corporations. Specifically the study sought to establish the influence of record management, organization structure, employee skills and tendering process on successful implementation of ethical procurement practices in state corporations in Nakuru Town. The study adopted descriptive research design. The target population of the study was 53 employees derived from procurement, finance and internal audits department from the 5 selected state corporations in Nakuru Town. Since the target population was the less than 100 the study adopted census technique to include all the 53 targeted employees. Primary data was collected by use of structured questionnaires. Descriptive statistics such as percentages, frequencies, measures of central tendencies (mean) and measures of dispersion (standard deviation) was used to describe the characteristics of the target population. Data was presented in form of tables. The findings indicated there is a positive significant relationship between record management and successful implementation of ethical procurement practices as shown by a regression coefficient of 0.241. In addition the findings also indicate that there is a positive significant relationship between organizational structure and successful implementation of ethical procurement practices as shown by a regression coefficient of 0.219. The findings further indicated that there negative significant relationship between employee skills and successful implementation of ethical procurement practices as shown by a regression coefficient of -0.173. Lastly, the findings indicated that there is a positive significant relationship between tendering process and successful implementation of ethical procurement practices as shown by a regression coefficient of 0.201. From the findings the researcher concluded that majority of state corporations have a back-up of all the procurement records. The study further concluded that majority of the members from the procurement department in state corporations have not undergone sensitization training on the new PPAD Act 2015. The study recommended that state corporation ought to adopt modern technology in records management. They should also use software like the e-records for the safety of procurement records. State Corporation should organize training programmes for the procurement officials; this will equip them with the proper skills for effective procurement record management. The researcher suggested that further studies should be conducted on effect of ethical practices on procurement performance.

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ABBREVIATIONS AND ACRONYMS

GDP	Gross Domestic Product
GoK	Government of Kenya
PPAD Act	Public Procurement and Assets Disposal Act
PPRA	Public Procurement Regulatory Authority

DEFINITIONS OF TERMS

Ethics	Ethics are the guidelines or rules of conduct by which we aim to live on. Organizations like individuals have ethical standards and frequently ethical codes (Peter and Bailey, 2015).
Public procurement	The purchasing, hiring or obtaining by any other contractual means of goods, construction works and services by the public sector. (Kabaj, 2003)
State corporations	Agencies, companies or intergovernmental organizations that have political influence and are distinct from the government though their activities directly or indirectly serve the state. (State Corporations Act, 2010)
Tendering	Tendering is the process whereby potential suppliers are invited to make and unequivocal offers of the price and terms which all acceptances shall be basis of subsequent contracts. (Lyson, 2004)
Organizational Structure	How job and task are formally divided, grouped and coordinated. Organization structure provides a foundation within which organizations function (Sablynski, 2003).
Record Management	A set of activities required for systematically controlling the creation, distribution, use, maintenance, and disposition of recorded information maintained as evidence of organization activities and transactions (Fust & Graf, 2002)
Employee Skills	A set of achievements, understandings and personal attributes that make individuals more likely to gain employment and to be successful in their chosen occupations (Banda,2009)

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Ethics are the guidelines or rules of conduct by which we aim to live on. Organizations like individuals have ethical standards and frequently ethical codes (Peter and Bailey 2015). The ethical standards of an organization are judged by its actions and the actions of its employees, not by pious statements of intent put out in its name. According to Kothari (2014) emphasizes on procurement ethics since it helps organization to deal with suppliers. Sound ethical is essential to the creation of long-term relationships and the establishment of supplier good will.

The public procurement system is described to be generally weak in developing countries. According to Roos, (2012) the lack of adequate procurement legislation as well as insufficient transparency and accessibility of the public procurement market has led to poor performance and diminished trust in the system. Accessibility refers to admittance to information by stakeholders through publications and distributions via the media, collection of data and maintaining of records.

The global dimensions of business create the potential situation where the practices in one jurisdiction may not be acceptable or recognized in another, Ayuso, (2006). The common areas relate to ethics and ethical behavior in companies include fair-trade, ethical trading, ethical sourcing, social accountability, social auditing, corporate social responsibility, corporate citizenship, codes of conduct and reputation assurance.

According to Atkinson (2003) there are approximately 500,000 professional purchasing people in the United States and only 10 percent of these have been members of a professional Supply Chain Management Association which trains members in purchasing ethics, and the rest are not even aware that there are ethical and legal standards involved in procurement. Ethics and conflict of interest greatly affect the Namibia public procurement system (Links and Daniels 2011). As a result the public has diminished trust in the Tender Board and its functions. This was confirmed by Minister of Finance in a statement during the Tender Board retreat held in 2013.

According to Amadhila (2013) the public has lost trust in the board and that the current image a Namibian has of the Tender Board is that of corruption and inefficiency with almost all its decisions becoming a subject of the court, ending that the way things are done has to be changed. According to Links and Daniels, (2011) a suggestion is made for a need to put in place a binding code of ethical conduct for procurement staff which must include issues of disclosure of assets and interests of procurement officials as one way to improve the public procurement process in Namibia.

In Namibia various loopholes have been identified as contributing factors to the current irregularities in the public procurement system. Both Ellmers (2011), and Maamberua (2005), identified a number of gaps in the current system. They state that the current procurement Act being the Tender Board Act, of 1996 is not aligned with the policy development of the Government in which procurement is seen as a central policy tool to achieve socio-economic objectives. The public procurement process is expected to enhance the reduction of poverty and inequalities and improve the livelihood of disadvantaged groups. As such, calls have been made for a new piece of legislation to be drafted to keep up with the current environmental changes. Another gap identified is lack of a proper monitoring system for approved tenders to determine as to what extent they are meeting the socio-economic objectives of the country. Auditing is only done on an annual basis and no systematic assessment is being done. Therefore, there is a need to install effective audit systems as a measure of control. Institutional controls such as effective supervision, audit functions and control, and internalization of the standards of ethical behaviors needs to be installed to ensure effectiveness in the procurement system.

A number of discoveries were made by Ayoti, (2012) in her study on ethics in Ghana. The study findings indicated that there were practices of favoritism, tribalism and nepotism in the Ghanaian procurement system. It was discovered that a lack of a strong procurement profession and inadequate training of staff has led the failure in applying good practices in procurement, creating inefficiencies and high costs in the procurement process in that country. The study recommended that all employees involved in public procurement should advance their levels of educational especially those with diplomas to degree level. The study further recommended that all

procurement staff be trained in procurement functions to equip them with skills and knowledge on the procurement process.

Ethics are concerned with moral principles and values which govern our belief, actions and decisions. According to Kotoka, (2010). It is estimated that in Kenya public procurement accounts for over 10% of Gross Domestic Product (GDP), making it a large market for suppliers and contractors (GoK 2010). With this amount of resources, public procurement tops the list of sectors with high opportunities for unethical issues. This therefore means that every effort should be made to erect safeguards to check against corrupt malpractices in public procurement. It is against this background that Kenya Anti-Corruption Commission has partnered with the Public Procurement Oversight Authority (PPOA) to issues corruption prevention guidelines in public procurement as part of its corruption prevention strategies and in line with the wider public financial management reforms that Kenyan government has been initiating. The issuance of these guidelines is further anchored in Public Procurement and Disposal Act, 2015. These guidelines are aimed at assisting public procuring entities in checking corruption in the procurement processes and instilling ethics as well in public procurement. This guideline highlights procurement methods, the procurement processes and various manifestations of corruption and corruption prevention strategies.

The Contract Monitoring Kenya Network (CMKN) (2012) cited unethical practices as a major factor contributing towards inefficiencies in procurement in major public institutions in Kenya in return leading to squandering of public funds through fraud, favoritism and extravagance. This was revealed in a report by the CMKN dubbed Reforming public contracting: Giving Kenyans value for money that said there rampant unethical practices in public procurement. Githongo (2007) states that at the heart of grand corruption in Kenya is a series of financial arrangements that together make up a system of security-related procurement, procurement of commercial debt, and financing of the political system.

According to Mathenge, (2012) the current Kenya procurement management is deficient of ethical inclination and should employ ethical consideration to re-invent itself. Gikonyo (2010) notes that the most persistent barrier to combating corruption is the culture of secrecy in public procurement and associated government functions.

Unethical behaviour in public procurement, which includes conflict of interest and corruption, is an issue since may damage relations within the purchasing department, the relationship with other departments in the company, and with suppliers. According to the World Bank (2010), unethical practices gnaw away Africa's resources and undermine development.

1.1.1 Public Procurement

Public procurement is broadly defined as the purchasing, hiring or obtaining by any other contractual means of goods, construction works and services by the public sector. It is alternatively defined as the purchase of commodities and contracting of construction works and services if such acquisition is effected with resources from state budgets, local authority budgets, state foundation funds, domestic loans or foreign loans guaranteed by the state, foreign aid as well as revenue received from the economic activity of state (Nyeko, 2010).

Kabaj (2003) contends that an efficient public procurement system is vital to the advancement of African countries and is a concrete expression of their national commitments to making the best possible use of public resources. Equally, Kakwezi (2010) argues that the procurement departments of public entities in Uganda are faced with the problem of not having enough information about the procurement procedure, its inputs, outputs, resource consumption and results, and are therefore unable to determine their efficiency and effectiveness. This implies that such problems requires establishment of clear procurement procedures and performance standards. Performance standards when adopted can provide the decision-makers in the procurement department with unbiased and objective information regarding the performance of the procurement function. Procurement management includes the processes to purchase or acquire the products, services, or results needed from outside the organization to perform the work. Procurement management also includes administering any contract issued by an outside organization (The Buyer) that is acquiring the organization from the performing organization (the seller), and administering contractual obligations placed on the organization by the contract (George, Cynthia and Judith, 2004).

The effective procurement management should find the right skills & organize the work, develop a sound strategy, manage timetable effectively, follow sound bid

evaluation method and develop an effective contract. Effective procurement requires organized teamwork: authorities, responsibilities, schedule, and resources (Eduardo, 2004). At each of the procurement process, failure can almost be built in if there is insufficient attention paid to the process. It helps to consider each stage of the process and to analyze the possible causes of failure as a first step to taking preventative action, (Stephen Cannon, 2006). When the tender board takes a decision to award a tender, the following factors of, non-availability of contractors, inadequate qualification of bidders such as financial position, non-availability of equipment, non-availability of technical staff and the bills of quantity rate not matching the bidder's rate affect the decision. When we have found out the bottleneck in the procurement management, the main factors of production and the socio cultural environment have to be analyzed. Absence of knowledge of procurement management, time duration, suppliers / contractors, availability of funds and availability of technologies are the main bottlenecks of an effective procurement management (Pilots survey 2006).

Rotich (2011) admits that the evaluation or measurement of procurement performance has always been a vexing problem for procurement professionals. He asserts that traditionally; firms concentrate on analyzing their own internal trends which does not portray the true picture on how they compare well with competitors. Such an approach ignores what the competitors are doing. Kipchilat, (2006) reveals that a firm does not wish to make known to its competitors how or what it is doing for obvious competitive reasons. This has been the case in the public sector where procuring entities have not been making available their procurement data due to the sensitive nature of the data. On the other hand, Baquero (2005) argues that traditional government contracts worldwide tend to focus on inputs rather than outputs. He suggests that the focus should instead be on what projects can deliver rather than how much the project costs which calls for high level of performance management in the entire process. In Kenya, to manage effectively and more efficiently the procurement process, procuring entities through the existing legal framework are required to firstly consolidate departmental procurement plans to provide the entity's corporate procurement plan which before its implementation must get the accounting officer's approval.

Procurement professionals need to acknowledge and devise strategies for managing all these complex challenges. The professionals must be seen as champions of

efficiency and effectiveness and must acknowledge the challenges and their various forms, and their sources. The requirements to educate professionals and equip them with new and higher-level skills have consequently become urgent (Sauber et al., 2008). A skill is the ability either to perform some specific behavioral task or the ability to perform some specific cognitive process that is related to some particular task (Peterson and Van Fleet, 2004). However, Lan, Riley and Cayer, (2005) report that finding, hiring and retaining dedicated, energetic, and ethical employees with special skills is always hard. While we understand that professionalism is a key mechanism for, and primary targets of institutional change, the precise role of professions and professional service firms in processes of institutional change remain under-theorized (Hwang & Powell, 2009; Scott, 2008).

1.1.2 State Corporations in Kenya

State Corporations refer to agencies, companies or intergovernmental organizations that have political influence and are distinct from the government though their activities directly or indirectly serve the state. Such organizations can also be partly or wholly owned by the government. Under the State Corporations Act, chapter 446 of the constitution, Kenya has established many state corporations usually referred as parastatals. These firms have the autonomy of running and concentrating on particular mandates so as to enhance the public service delivery (Government of Kenya, 2004). Even though they have Board of Directors and equivalent governing bodies to supervise their operations, such institutions act within the general supervision of their respective ministries (Government of Kenya, 2004). State corporations are highly indispensable in Kenya since they provide significant avenues through which the state reaches out to the people and serve them appropriately. These organizations are relevant in the study because they all undertake procurement practice under the PPAD Act 2015 regulations. The country loses a lot of taxpayers' money through poor procurement and contract management practices.

1.2 Statement of the Problem

Public procurement is marked with a lot of problems which include lack of transparency, political intrigues, lack of informed staff and many more. Unethical practices in public procurement causes financial loss, and undermines the public's confidence in the governmental structure and management. Public institutions are

generally more susceptible to procurement due to the complex nature of purchases and the enormous amount of funds involved. A review of the public procuring entities in Kenya in the year 2013-2015 indicates that out of 132 work-contracts incurred cost overruns of up to 30% of the initial amount in public entities due to lack of information on procurement of goods and services (PPOA, 2010). Most of corrupt practices in Kenya have occurred in public procurement and caused by opaque and unaccountable transactions. Various studies have been conducted on ethical practices in procurement process Abdi (2012) studied procurement practices in Kenya's Public Corporations and found that employees understand what each is supposed to do, there is also segregation of duties thus there are incidences of collusion among them. In their study Ogolla and Kinyua,(2013) found out that despite the existence of devolved funds, internal inefficiencies among the firms have made them not to achieve the desired results. The above studies on the issue of ethics in procurement have been considered by different researchers but none has looked at determinants of successful implementation of ethical practices in state corporations in Kenya. In spite of immense issues in this area, no study has been done in Kenya to attest the issue of determinants of successful implementation of ethical procurement practices in State Corporations. It is on this basis that the study sought to fill of this gap by answering the question: what are the determinants of successful implementation of ethical procurement practices procurement in state corporations?

1.3 Objectives of the Study

1.3.1 General Objective

The general objective of the study was the determinants of successful implementation of ethical procurement practices in state corporations.

1.3.2 Specific Objectives

- i. To determine the influence of record management on successful implementation of ethical procurement practices in state corporations in Nakuru Town.
- ii. To establish the influence of organizational structure on successful implementation of ethical procurement practices in state corporations in Nakuru Town.

- iii. To find out the influence of employee skills on successful implementation of ethical procurement practices in state corporations in Nakuru Town.
- iv. To assess the influence of tendering process on successful implementation of ethical procurement practices in state corporations in Nakuru Town.

1.4 Research Hypothesis

H₀₁: Record management has no significant influence on successful implementation of ethical procurement practices in state corporations in Nakuru Town.

H₀₂: Organizational structure has no significant influence on successful implementation of ethical procurement practices in state corporations in Nakuru Town.

H₀₃: Employee skills have no significant influence on successful implementation of ethical procurement practices in state corporations in Nakuru Town.

H₀₄: Tendering process has no significant influence on successful implementation of ethical procurement practices in state corporations in Nakuru Town.

1.5 Significance of the Study

This study is beneficial to various stakeholders. First, the government and the policy makers stand to benefit from the findings of the study as they gain insight on the procurement policies to apply during the procurement of goods, works and services so as to achieve timely delivery and optimal use of financial resources and the maintenance projects in state corporations. State corporations require an informed research study in order to achieve quality procurement that meet global standards while maintaining the core objective of the organization thus building a good reputation for the procuring entity. The findings of the study boost the public image of state corporations upon adoption of the recommendations would be able to restore public confidence. Procurement professionals in public procurement would find the study important in that they will understand the relationship between ethical issues and the procuring entity relationships hence they would be able to effectively and efficiently manage procurement contracts while upholding quality.

The study contributes to the existing literature in the field of procurement and more specifically ethical practices in public procurement. Future scholars can use this research as a basis for further research in the area of ethical practices in procurement

processes. The study stands to benefit all the procurement officers in the state corporations as they will understand the best way of identifying and preventing unethical practices during procurement processes.

1.6 Scope of the Study

The study aimed in establishing the determinants of successful implementation of ethical procurement practices in state corporations. The study was carried out in State corporations in Nakuru Town. The study target population was 53 employees derived from procurement, finance and internal audits department from the 5 selected state corporations in Nakuru Town. The specific objectives of the study were; influence of records management, organizational culture, employee skills and tendering process on successful implementation of ethical procurement practices in state corporations in Nakuru Town. The study was conducted between the months of August and October 2017.

1.7 Limitations of the Study

Some respondents were reluctant to give confidential information which is vital for this study. The researcher assured the respondents that the information given would be treated with confidentiality and would not be used for other purposes but for the research. Some of the respondents were reluctant to fill the questionnaire because they considered it as a waste of time the researcher had to convince them by providing an introductory letter explaining the importance of filling the questionnaire.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter covers a review of theories followed by the empirical review of studies that have been carried out in the past relative to ethical practices in procurement. A summary of the studies reviewed is then presented followed by research gaps identified from the empirical studies reviewed. The chapter also covers the conceptual framework of variables. The conceptual framework outlines the operationalization of study variables.

2.2 Theoretical Review

This section discusses theories that are in line with ethical practices in State Corporations. The reviewed theories include contingency theory, Person -Situation Interaction Theory and Institutional Theory

2.2.1 The Contingency Theory

Contingency theories were developed from the sociological functionalist theories of organizational structure such as the structural approaches to organizational studies by Reid and Smith (2000), Chenhall, (2003) and Woods (2009). These studies postulated that organizational structure was contingent on contextual factors such as technology, dimensions of task environment and organizational size. In some other literature, contingency theory was still regarded as a dominant paradigm in management accounting research (Cadez and Guilding, 2008). Contingency theory is an approach to the study of organizational behavior in which explanations are given as to how contingent factors such as technology, culture and the external environment influence the design and function of organizations. The assumption underlying contingency theory is that no single type of organizational structure is equally applicable to all organizations. Rather, organizational effectiveness is dependent on a fit or match between the type of technology, environmental volatility, the size of the organization, the features of the organizational structure and its information system. Contingency theory seeks to formulate broad generalizations about the formal structures that are practically associated with or best fit the use of divergent technologies. Ethical

practices highly depend on the organization structure. State corporations have different organizational structure which influences their procurement ethics.

2.2.2 Person -Situation Interaction Theory

The study adopted a theory by Trevino (1986). The model postulates that ethical decision-making in an organization is explained by the interaction of individual and situational components. The individual reacts to ethical dilemmas with cognitions determined by his or her moral cognitive development stage. The individual's cognitive moral development stage determines how an individual thinks about ethical dilemmas, his or her process of deciding what is right or wrong in a situation. In this case, the procurement manager is influenced by individual factors, situational milieu and organizational culture in his/ her decision-making matrix.

The personal factors include ego strength, field dependence and locus of control whereas the situational milieu constitutes immediate job context factors such as reinforcement and work-related pressures. In this sense, the ethical standards of procurement professional are influenced by the three factors. The organizational culture comprises of the normative structure, referent others, obedience to authority and responsibility for consequences.

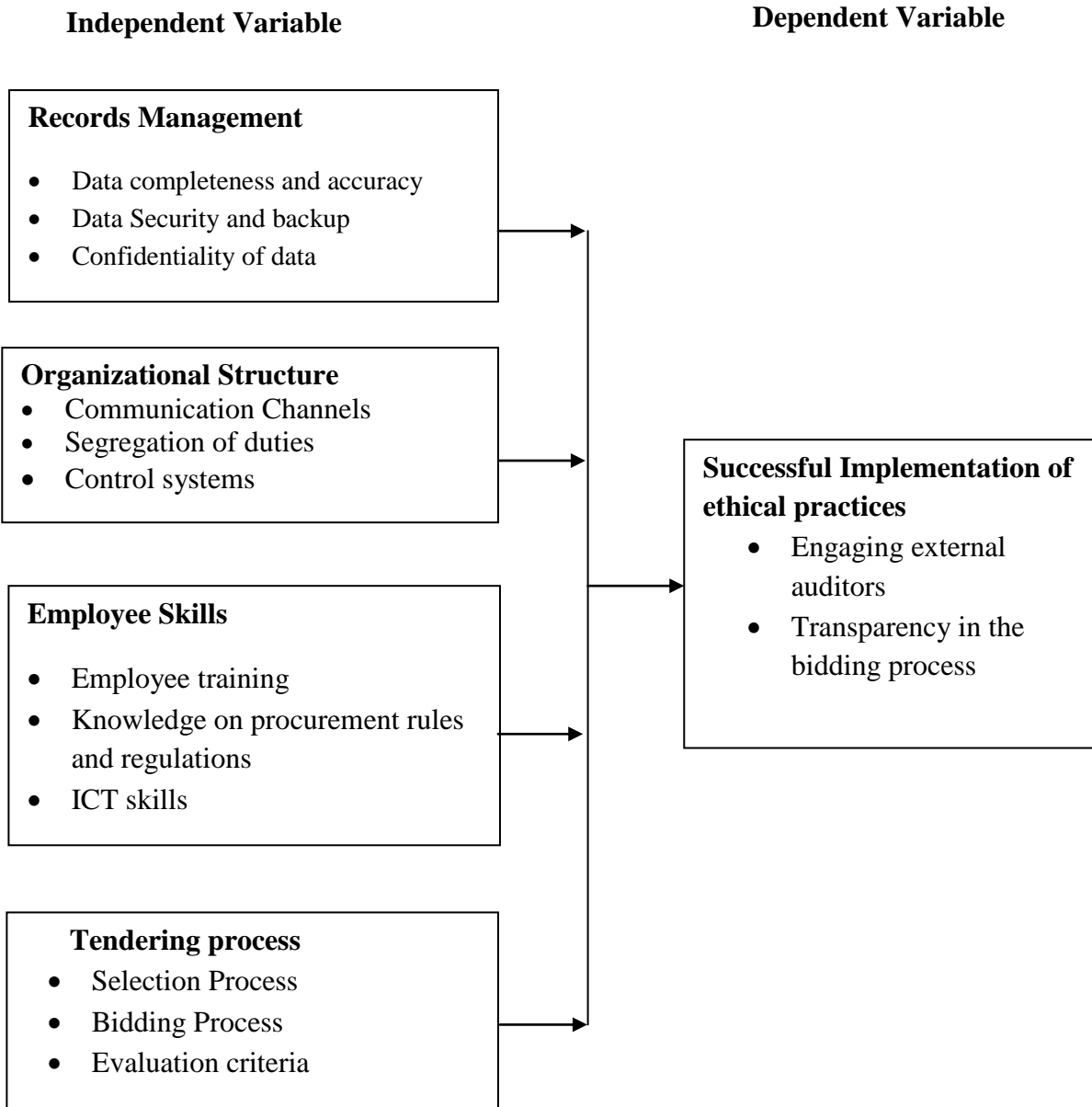
2.2.3 Institutional Theory

Institutional Theory by Meyer and Rowan (1977), states that the institutional environment strongly influences the development of formal structures in an organization more than market pressures. To improve efficiency in organizations, innovative structures are legitimized. This means that organizations must maintain certain structures and procedures so as to maintain legitimacy in the institutional environment. Institutional theory has effects on procurement and supply chain performance.

The institutional theory highlight that procedures must be observed in order to ensure that all the stakeholders involved in the procurement exercise obtain fair treatment. The procedures include; planning for the required procurement over a given period, identifying the source of the items, highlighting specifications of procurement, determining procurement procedures, Sourcing (soliciting) offers, evaluation, post qualification, commencement of contract, contract performance (delivery) and management, record keeping and accountability, payment and post contract

performance. If the institution follows the procedures then ethics in procurement will be increased.

2.3 Conceptual Framework



2.3.1 Influence of Record Management on Ethical Procurement Practices

Records management in procurement is founded on the premise that records needs management from creation, preservation and maintenance to disposal in order to preserve the history and activities of an organization (Venter, 2004). Effective and efficient records administration and management enables government to document

procurement processes and improve delivery of services and to promote accountability and transparency.

According to Fust & Graf (2002) argue that proper management of records is the foundation for any government needs to provide public services, to ensure accountability and transparency in economic development. Chinyemba & Ngulube (2015) argue that procurement departments have the overall responsibility for maintaining procurement records, complete documentation and maintaining of all procurement activities, contracts and agreements entered into. Ensuring proper records management result to effective public procurement process because government activities are based on access to information contained in records (Michael, 2009)

De Wet & Du Toit (2010) argue that it is important for procurement departments in public institutions to manage records more effectively with other information management functions as a strategy towards attaining a competitive advantage. According to Lowell (2014) procurement records have unique characteristics that demand special responsibilities on the procurement agencies that preserve and manages them. He established that records derive from information they contain and evidence they provide. State records not only document past decisions, they often establish and protect current rights and responsibilities of both the government and the governed.

According to Kihara, (2009) Weaknesses during records management, particularly in regard to procurement records management, include failure to comply with the procurement law, fragmentation of procurement files, and maintenance of informal records which affects effective procuring process

In Kenya despite the legal requirements citing the importance of clear records management practice in procurement, the situation is not reflected in practice (Odhiambo, 2013). In some cases government procuring departments handle records carelessly without realizing that the records constitute to a major resource similar to finance, people, money and equipment (PPOA, 2010). Failures in records keeping, involve failure to comply with the procurement laws, fragmentation of procurement files, maintenance of informal records which greatly affects effective procuring

process (Kihara, 2009). Another observation is that procurement records are often considered as falling outside the jurisdiction of procurement managers.

Ambrose (2008), indicate that the source of data must be safeguarded against tampering such that nobody can tamper with the data without leaving some evidence of that change. A study conducted in Kenya found out that poor records management had severe effect on service delivery of products and services (Kemoni & Ngulube, 2008).

In Uganda there is hardly any public procurement report that passes without identifying records management and transparency challenges in PDEs (PPAD ACT base line survey, 2010). Most recently, the PPAD ACT Capacity Building Strategy Report (2011-2014) revealed that there is low compliance in record keeping in Uganda. As Ambrose (2008) suggests, systems without the ability to provide an inviolable audit trail would make their use unacceptable in most compliance and regulatory environments.

2.3.2 Influence of organizational structure on ethical procurement practices

According to Sablynski (2003) organizational structure refers to how job and task are formally divided, grouped and coordinated. According to Armstrong and Stephens (2013), organizational structures provide the framework for the activities required to achieve organizational goals and objectives. Basically, organizational structures can be categorized as unitary, divisionalized, centralized and matrix (Armstrong and Stephens (2008). Unitary structure, which is the most common structure, is a single and separate unit without any divisions in which the heads of each major department directly reports to the top.

In unitary structure, the relationships are not complex and are clearly defined. However, lack of cooperation between departments is common and this can be avoided if the chief executive coordinates and directs the activities. Centralized structure places authority at the center which completely takes controls of the activities and decisions of other units. Such control is exercised by authority from the headquarters who dictates policies, procedures, targets, and budgets to be followed and achieved (Armstrong and Stephens, 2008).

In a centralized structure, close control can be maintained over divisional activities, standardized procedures and systems can be used, and guidance is provided by functional specialists at the headquarters. However, a drawback of this structure is that it restricts the scope of divisional management to handle their own affairs in the light of local knowledge and lack of autonomy in divisions. Decentralized structure is the direct opposite of centralized structure. In decentralized structure the management gives operational autonomy to divisions, subsidiaries, or strategic business units under the overall direction of the centre in order to achieve desired results (Rabie, 2014)

By definition bureaucracy is the collective organizational structure and policies, and set of regulations in place to manage operations. According to Rabie (2014) bureaucracy is a management system designed to handle organization affairs and relationships with its employees and all the stakeholders. It help different types of organizations in managing their internal and external affairs. An organization structure that is appropriate encourages creativity and enhances quick decision making and other operations such as procurement which enables the organization to survive and compete in dynamic and competitive situations (De Anis & Haggins, 2011)

2.3.3 Influence of employee skills on ethical procurement practices

Banda (2009) stated that many procuring organizations do not have staff with the right competence critical to good procurement process management and therefore there is need for authorities to give much greater emphasis to developing such competence and to adopt best practice more widely. According to a study by Banda (2009) monitoring and enforcement of quality standards is sometimes weak and failure can be traced back to problems in human resources capacity to monitor procurement process, poor determination of specifications, weak definition of requirements and/or inadequate budgets, and failure to enforce the conditions of the contract which arises due to inadequate supervision. He further notes that regulatory agencies rarely manage to enforce standards that hinder procurement fraud due to lack of capacity.

Another study by Berger & Humphrey (2007), indicated that a procurement process that is carried out professionally is key to delivery of any service on value for money principle. In that study, it was noted that most of personnel carrying out procurement

functions in public institutions in Kenya have not been sensitized on procurement regulations. For example, the law requires that each procuring entity establishes a procurement unit manned by professionals in procurement. According to Sultana (2012), technological developments and organizational change have gradually led some employers to the realization that success relies on the skills and abilities of their employees, and this means considerable and continuous investment in training and development.

According to a study by Appiah (2010), current educational systems do not impart specific knowledge for specific job positions in organizations. This result to a labour force with few people with the right skills, knowledge and competencies, hence there is a need for extensive external training for human resources to be able to improve and also contribute to the productivity of organizations. Another study by Seleim (2007), explain that employee training is an important component for improved organizational performance through the increasing level of individual abilities.

2.3.4 Influence of tendering process on ethical procurement practices

Baily, *et al.*, (2007) defines 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. 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 system refers to that process that defines the guidelines through which the tendering activities are conducted and managed. 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. 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 also enables organizations to be able to identify reliable suppliers who are able to meet the products or services required according to the specifications. There are two main methods that are used in tendering which are e-tendering and the tender box method. The bidding organization demonstrate their capability in handling the assignments indicated in the tender and their costing for each of them. The main criteria used in selection of the winning bid involves identifying who among the bidders is able to supply the required products or services according to the specifications and at the lowest cost (Lysons and Farrington, 2006).

Brulhart & Trionfetti, (2009), it is not always that the least bidder gets the job, in some circumstances, other factors are considered such as reliability and also previous assignments done are used as an influence. 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 labor 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.

Dobler & Burt (1999) Purchasing professionals respect and maintain the integrity of the competitive bidding process. They invite only firms to whom they are willing to award a contract to submit bids. Normally, award the contract to the lowest responsive, responsible bidder. If the buyer anticipates the possibility of awarding to other than the low bidder, then he or she notifies prospective bidders that other factors will be considered. On the other hand, it is ethical for a buyer with the low bidder in an effort to identify possible areas of savings.

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 groups on how to bid for government contracts

2.4 Empirical Review

Ambe and Badenhorst-Weiss (2013) regard ethics as the study of moral judgment of right and wrong. Glavee-Geo (2008) revealed that ethics have to do with upholding moral principles and values which influence our beliefs, actions, and decisions and involves leading an unquestionable lifestyle especially within the professional

domain. A study conducted by Vee & Skitmore, (2003) on professional ethics found that some of the most common professional ethics that are experienced in public institution included negligence, conflict of interest, collusive tendering, fraud, confidentiality and propriety breach, bribery and violation of environmental ethics.

According to Mathenge (2012), procurement remains a key sector in Kenya, which facilitates the acquisition and disposal of goods and services, thereby leading to smooth running of various institutions, both public and private. Ogachi (2011), in his study on the function of procurement in Kenya found out that procurement activities were largely coded in the procurement law and regulations. He recommended that in order to ensure accountability there should be separation of duties in the procurement function so that professionals can independently perform their duties.

According to Magnouloux (2006) unethical practices have a lot of economic consequences: on the allocation of resources on the economic environment, and on the way economic decision makers will analyze different courses of action. He concluded that there is a negative correlation between the level of unethical practices and the level of economic growth. Unethical practices negatively affect the level of trust between people so that in the long term, it endangers the stability of social and political institutions.

Hui et al (2011) sought to determine the effect of various ethical practices on organizational performance. They found out that public procurement corruption could threaten legitimacy and as such, the policies and procedures should be created to curb any possible corruption activities and enhance transparency, accountability and integrity.

Ombuki, Arasa, Ngugi, and Muhwezi, (2014) conducted a study on determinants of procurement regulatory compliance by Kenya's public universities. The study findings indicate that political factors influence most the regulatory compliance in the public university procurement in Kenya. The most influential politician was the member of the women representative whose influence accounted for 95.5%. The study recommended that politicians should be well-educated on the need to comply with the government's procurement rules and regulations.

According to Gikonyo (2010), the most persistent barrier to combating fraud is the culture of secrecy in public procurement and associated government functions.

Unethical behaviour in public procurement, which includes conflict of interest and fraud, is an issue since they may damage relations within the purchasing department, the relationship with other departments in the company, and with suppliers.

According to Okoth (2013), factors affecting procurement and supply chain performance include, bureaucracy and time consuming methods of procurement, training on cost effectiveness and timely delivery of projects, stake holders involvement, failure to involve suppliers at the early design and specification stage leading to frequent changes of design and specifications and cancellation of contracts. Okoth, faulted the lengthy procedures that do not support cost saving strategies such as early supplier involvement, lean supply chain management and Just in Time delivery. He also noted slow implementation of the procurement law.

According to Mwangi (2010), purchasing departments have become larger and more complex, most organizations have adopted IT based systems that have created a platform for installation of automated procurement systems. These procurement systems provide efficient and extensive cost savings and other business benefits by automating many of the purchasing processes.

According to the World Bank (2010), unethical practices gnaw away Africa's resources and undermine development. It undercuts the long term interests of the poor (World Bank, 2010). Unethical procurement practices deprive citizens, as well as private entities, of the economic benefits of their taxes and natural resources (Transparency International, 2010).

2.5 Critique of the existing Literature

Vee & Skitmore, (2003) focused on the most common professional ethics experienced in public institutions however their study didn't not focus on the ethical aspects in procurement process. In his study Mathenge (2012) sought to determine the role of professional ethics on performance of public institutions. However the researcher was not categorical on the type of performance. This study focused on the procurement performance. Magnouloux (2006) focused on the economical effect of unethical practices. The study majored on the economical performance aspects. However, this study concentrated on the ethical aspect of procurement practices. A study by Ombuka et., al (2014) focused on the determinants of procurement regulatory compliance by Kenya's public universities. The study only focused on institution of higher learning. This study focused on state corporations.

2.6 Summary of Review Literature

Procurement function is a lengthy process and there are many hindrances along the way and therefore needs to be effectively and efficiently managed. This chapter has presented literature on selected determinants of ethical practices in procurement in state corporations. These factors are: record management, organization structure, employee skills and information technology. The literature review in the above sections shows that the ethical practices can greatly be reduced, if factors such as records management, organizational structure, employee skills and information technology are paid attention to.

2.7 Research Gaps

Supply professionals play both a strategic and an operational role in the organization. The strategic role is to maximize opportunities and minimize risks for the organization. The operational role is to execute the strategies in the most efficient and effective way possible. Monitoring the legal and ethical environment is one area in which supply/procurement contributes strategically and operationally. The supply manager is well positioned to identify potential legal and ethical opportunities and risks when he/she fully understands the factors such legal and ethical opportunities and risks in the organization. Existing literature in Kenya has failed to capture determinants of such ethical practices. This study will therefore evaluate the determinants successful implementation of ethical practices in or in state corporations with specific view of the state corporations, in Nakuru.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

Research methodology is a systematic, theoretical analysis of the methods applied to the field of study. Research methodology is the process of collecting information for the purposes of making decisions in research. The chapter focuses on the research design, target population, sampling design, data collection instruments, data collecting procedures and data analysis and presentation.

3.1 Research Design

Research design refers to the method used to carry out a research. This study adopted descriptive research design. This design involves gathering data that describe events and then organizes, tabulates, depicts, and describes the data. Descriptive studies portray the variables by answering who, what, and how questions. According to Mugenda and Mugenda (2003), descriptive design is a process of collecting data in order to answer the questions of the current status of the subject under study. Its advantage is that, it is used extensively to describe behaviour, attitude, characteristic and values. The reason of using descriptive research design was that it gives the opportunity to use both quantitative and qualitative data, in order to find data and characteristics about the population or phenomenon that is being studied.

3.2 Target Population

Target population refers to all the members of a hypothetical or real group of subjects, objects or individuals to whom a researcher desires to generalize the conclusions of the study (Kothari, 2004). The target population of this study was 53 employees derived from procurement, finance and internal audits department from the 5 selected state corporations in Nakuru. In Nakuru town there are 41 state corporation but the study used purposive sampling to select 8. Town as indicate in Table 3.1 below.

Table 3.1: Target Population

Companies	Procurement Staff	Finance Staff	Internal Auditor	Total
Geothermal Development Company	9	5	1	15
Kenya Pipeline Company Ltd	5	4	1	10
National Cereals and Produce Board	4	4	1	9
Pyrethrum Board of Kenya	5	3	1	9
Kenya Seed Company	6	4	1	11
Total	29	19	5	53

3.3 Census

The study adopted census to incorporate all the 53 targeted employees in the selected state corporations in Nakuru Town. Census technique is the procedure of systematically acquiring and recording information about all members of a given population.

3.4 Data Collection Instruments

The study made use of primary data which was collected by use of structured questionnaires. The questionnaire is a fast way of obtaining data as compared to other instruments. In addition, questionnaires gives the researcher comprehensive data on a wide range of factors. The questionnaires contained structured questions which facilitated an easier analysis as they are in immediate usable form (Kothari, 2004).

3.5 Data Collecting Procedures

Questionnaires were administered to the respondents through a drop and pick later method. The technique is an effective means to reduce potential non-response bias through increased response rate. The respondents were required to complete questionnaire as honestly and as completely as possible.

3.6 Pilot Test

Reliability according to Mugenda and Mugenda (1999) tests whether the research instrument will be relied upon in obtaining the required information from the respondents. This was done by piloting the questionnaires to 7 selected employees KCC in Eldoret.

3.6.1 Validity of Research Instrument

The validity of the questionnaire is concerned with the data collection instrument being able to measure what is intended to measure and accurately achieves the purposes for which it was designed (Kothari, 2004). The face validity was undertaken through the use of pilot study while content validity was ensured through the use of expert and supervisor opinions.

3.6.2 Reliability of Research Instrument

The reliability of the questionnaire measures the degree to which an instrument measures the same way each time it is used or the ability to replicate the same results upon repeating the research using the data collection instrument in similar conditions (Kothari, 2004). The reliability of the questionnaire was examined using the internal consistency. Internal consistency is the measure of reliability which is concerned with the extent to which measures of the same construct are consistent with each other (Cooper & Schindler, 2008). The Cronbach Alpha coefficient was used to measure the internal consistency. A high coefficient implies that the items correlate highly among themselves. Table 3.2 indicate the Cronbach's alpha for each of the variable.

Table 3. 2: Reliability Statistics

Variable	Number of Items	Cronbach's Alpha
Record management	7	0.764
Organizational structure	7	0.803
Employee skills	7	0.832
Tendering process	7	0.825

3.7 Data Analysis

Data analysis involves reduction of accumulated data to a manageable size, developing summaries, looking for patterns and applying statistical techniques. The collected data was quantitative in nature. Quantitative data was analysed by use of Statistical Package for Social Sciences (SPSS) version 24. In addition, descriptive and inferential statistics was used in this study. Descriptive statistics such as percentages, frequencies, measures of central tendencies (mean) and measures of dispersion (standard deviation) was used to describe the characteristics of the target population.

Data was presented in form of tables. Further, Pearson correlation was used to establish the relationship between the dependent and the independent variables. According to Orodho (2007), regression analysis is a statistical process for estimating the relationships among variables. It includes many techniques for modelling and analysing several variables, when the focus is on the relationship between a dependent variable and one or more independent variables.

The regression equation was;

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

Whereby Y Represents Successful Implementation of ethical practices

X_1 = Represents Record Management

X_2 = Represents Organization Structure

X_3 = Represents Employee Competence

X_4 = Represents Tendering Process

ε = Represents Error Term

β = Beta

β_0 = Represents Constant Term

$\beta_1, \beta_2, \beta_3, \beta_4$ = Beta Co-efficient

CHAPTER FOUR

FINDINGS AND DISCUSSIONS

4.1 Introduction

The chapter presents findings and discussions on the determinants of successful implementation of ethical practices in procurement in state corporations. The first part presents the response rate. The descriptive and inferential findings respectively are then presented and discussed. The findings are in line with the objectives of the study.

4.2 Response Rate

Response rate is defined as the number of questionnaires that are filled completely and returned or collected against the questionnaires that are issued to the respondents. To this effect, 53 questionnaires were issued out of which 51 were fully completed representing 96.23 per cent response rate which was way above the accepted questionnaire return rate of 70 per cent (Nulty, 2008).

4.3 Background Information

The study examined the background information of respondents in respect to their academic qualifications and working experience.

4.3.1 Academic Qualifications

The respondents' academic qualification was of particular interest to the study. Table 4.1 illustrates respondents spread in terms of highest academic qualifications.

Table 4. 1: Distribution of Respondents by Academic Qualifications

	Frequency	Percent
College	5	10
First Degree	34	67
Post-Graduate Degree	12	23
Total	51	100

It was established that 10% of the respondents had college education as their highest academic qualifications, 67% had first degree while, 23% had post-graduate degree. This implies that majority of the respondents had first degree as their highest academic qualifications. The findings implied that state corporations put a lot of

emphasis on the academic qualifications of the workforce in the department with the expectations that this would result in improved performance.

4.3.3 Period of Work in the Organization

The period which the respondents had worked in the organization was sought and ascertained. The results emanating from the analysis are presented in Table 4.2.

Table 4. 2: Period of Work in the organization

	Frequency	Percentage
Less than 5 years	8	16
6 to 10 years	12	24
11 to 20 years	18	35
More than 20 years	13	25
Total	51	100

A total of 8 respondents representing 16% of the sampled population stated that they had worked in the organization for less than 5 years, 24% of the sampled population stated that they had worked in the organization for 6-10 years, 35% of the sampled population stated that they had worked in the organization for 11-20 years while 25% of the sampled population stated that they had worked in the organization for more than 20 years. This implies that majority of the respondents had worked in their organization long enough to provide the information required.

4.4 Descriptive Findings and Discussions

This part illustrates descriptive findings and discussions relative to study objectives. The findings are presented in measures of central tendencies (means) and measures of variation or dispersion (standard deviations). The analysis of the collected data was in line with the following five-point Likert scale.

4.4.1 Record Management on Successful Implementation of Ethical Procurement Practices

The researcher sought to determine the influence of record management on successful implementation of ethical procurement practices in State corporations. Table 4.3 shows the respondent's views

Table 4. 3: Descriptive statistics for record management on ethical practices in procurement

	N	Min	Max	Mean	Std.
Organizations records are timely recorded	51	1	5	4.3333	.90921
Procurement records are counterchecked to ensure accuracy	51	1	5	3.8235	.65440
In case of alterations of procurement records all the stakeholders are involved	51	1	5	3.9608	1.05756
The organization has a back-up of all the procurement records	51	1	5	3.8824	1.30609
Procurement officials must get authorization to access automated procurement records	51	1	5	4.0588	.98817
The organization regularly conduct an audit of procurement record	51	1	5	3.8627	1.24931
The organization use both manual and automated procurement record system	51	1	5	4.3137	.67794

The findings revealed that majority of the respondents admitted (mean \approx 4.00; std dev $<$ 1.000) that organizations records are timely recorded. It was further agreed (mean \approx 4.00; std dev $<$ 1.000) that procurement records are counterchecked to ensure accuracy. In addition, the respondents agreed (mean \approx 4.00; std dev $>$ 1.000) that in case of alterations of procurement records all the stakeholders are involved. It was also agreed (mean \approx 4.00; std dev $>$ 1.000) that organization has a back-up of all the procurement records. It was further agreed (mean \approx 4.00; std dev $<$ 1.000) that procurement officials must get authorization to access automated procurement records. According to Lowell (2014) procurement records have unique characteristics that demand special responsibilities on the procurement agencies that preserve and manages them. In addition, respondents agreed (mean \approx 4.00; std dev $>$ 1.000) that the organization regularly conduct an audit of procurement record. It was further agreed (mean \approx 4.00; std dev $<$ 1.000) that organization use both manual and automated procurement record system. The standard deviation ranged between 1.30609 to 0.65440 indicating that the dispersion of the respondents from the mean was moderate. This implies that the variance of the highest respondents and the lowest

respondents was moderate. The study agrees with a study by Venter, (2004) who argued that effective and efficient records administration and management enables government to document procurement processes and improve delivery of goods and services and to promote accountability and transparency.

4.4.2 Influence of organizational structure on successful implementation of ethical procurement practices

In addition the researcher sought to determine the influence of organizational structure successful implementation of ethical procurement practices in State corporations. The findings resulting from the analysis are presented in Table 4.4.

Table 4. 4: Influence of organizational structure on successful implementation of ethical procurement practices

	N	Min	Max	Mean	Std.
Effective hierarchy of authority enhances communication along the chain of command and positively affect procurement operations	51	1	5	4.5098	.61229
An effective internal control system such as code of conduct ensures that each employee takes individual responsibility	51	1	5	4.3922	.69508
Poor communication along the various departments hinders information flow resulting to lack of transparency	51	1	5	4.1961	.82510
The organization has well defined roles which ensure personal accountability on procurement roles	51	1	5	4.0196	1.14000
Lack of independence of procurement department in an organization contribute to lack of accountability	51	1	5	4.3725	.79902
Decentralization of procurement functions increases the chances of unethical procurement practices such as corruption.	51	1	5	4.4902	.80926
The use of centralized organization structure ensures quality of goods and services	51	1	5	4.5098	.80926

The study as shown in Table 4.4 revealed that effective hierarchy of authority enhances communication along the chain of command and positively affect procurement process (mean \approx 5.00; std dev $<$ 1.000). The respondents also agreed that an effective internal control system such as code of conduct ensures that each

employee takes individual responsibility (mean ≈ 4.00 ; std dev < 1.00). Moreover majority of the respondents agreed (mean ≈ 4.00 ; std dev < 1.000) poor communication along the various departments hinders information flow resulting to lack of transparency. The respondents also agreed that (mean ≈ 4.00 ; std dev > 1.000) the organization has well defined roles which ensure personal accountability on procurement roles. Moreover majority of the respondents agreed (mean ≈ 4.00 ; std dev < 1.000) that lack of independence of procurement department in an organization contribute to lack of accountability. In addition majority of the respondents agreed (mean ≈ 4.00 ; std dev < 1.000) that decentralization of procurement functions increases the chances of unethical procurement practices such as corruption. Finally majority of the respondents agreed (mean ≈ 4.00 ; std dev < 1.000) that centralized organization structure ensure quality of goods and services. The standard deviation ranged between 0.61229 and 1.14000 indicating that the dispersion of the respondents from the mean was minimal. This implies that the variance of the highest respondents and the lowest respondents was small. In a centralized structure, close control can be maintained over divisional activities, standardized procedures and systems can be used, and guidance is provided by functional specialists at the headquarters (Rabie, 2014).

4.4.3 Influence of employee skills on successful implementation of ethical procurement practices

In addition the researcher sought to determine the influence of employee skills on successful implementation of ethical procurement practices in State corporations. The findings resulting from the analysis are presented in Table 4.5.

Table 4. 5: Descriptive Statistics for employee skills on successful implementation of ethical procurement practices

	N	Min	Max	Mean	Std.
The organization offers refresher courses to improve procurement officers skills on the new procurement practices	51	1	5	3.4706	1.41920
The organization has an functional training policy in place to ensure continued development of skills and professionalism among procurement officers	51	1	5	3.5490	1.33137
Majority of persons involved in functions relating to procurement understand the provisions of the PPAD Act 2015	51	1	5	4.3529	.82033
Majority of the members from the procurement department have not undergone any sensitization training on PPAD Act 2015	51	1	5	4.2157	.87895
Majority of employees have in adequate skills on E-Procurement.	51	1	5	3.0980	1.17055

The sampled respondents were in agreement that organization offers refresher courses to the skills of improve the skills of procurement officers on the ever changing new laws and processes (mean \approx 3.00; std dev $>$ 1.000). It was also observed that the organization has a functional training policy in place to ensure continued development of skills and professionalism among procurement officers (mean \approx 4.00; std dev $>$ 1.000). In addition, respondents admitted that majority of persons involved in functions relating to procurement understand the provisions of the PPAD Act 2015 (mean \approx 4.00; std dev $<$ 1.000). The respondents also agreed that majority of the members from the procurement department have not undergone sensitization training on PPAD Act (mean \approx 4.00; std dev $<$ 1.000). Finally majority of the respondents agreed that majority of employees have in adequate skills on E-Procurement (mean \approx 3.00; std dev $>$ 1.000). The standard deviation ranged between 1.41920 and 0.82033 indicating that the dispersion of the respondents from the mean was small. This implies that the variance of the highest respondents and the lowest respondents was minimal. The study agree with Banda (2009) who stated that many procuring organizations do not have staff with the right competence critical to good procurement

process management and therefore there is need for authorities to give much greater emphasis to developing such competence and to adopt best practice more widely

4.4. 4 Tendering process on successful implementation of ethical procurement practices

The study further sought to determine the influence of tendering process on successful implementation of ethical procurement practices. Opinions are as shown in Table 4.6.

Table 4. 6: Tendering process on successful implementation of ethical procurement practices

	N	Min	Max	Mean	Std.
Competitive bidding process provide equal opportunity to all the viable bidders	51	1	5	4.5098	.80926
Suppliers are selected based on the cost and quality of products and services	51	1	5	4.0784	1.23034
The organization's tendering process are those set in the PPAD Act 2015	51	1	5	4.4902	.73137
Potential suppliers are given equal access to information and are accorded the same treatment	51	1	5	4.0000	1.05830
Competitors are informed of the factors which will be involved in the source selection	51	1	5	4.3333	.71181
The organization encourages participation by demonstrating supports for small, disadvantaged groups	51	1	5	4.3922	.93975

As shown in Table 4.6, respondents admitted that competitive bidding process provide equal opportunity to all the viable bidders (mean \approx 4.00; std dev $<$ 1.000). In addition, majority of the respondents agreed that suppliers are selected based on the cost and quality of products and services (mean \approx 4.00; std dev $>$ 1.000). 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 was further concurred that the organization's tendering process are those set in the PPAD Act 2015 (mean \approx 5.00 std dev $<$ 1.0000). Furthermore, respondents admitted that

potential suppliers are given equal access to information and are accorded the same treatment (mean ≈ 4.00 ; std dev >1.000). In addition, majority of the respondents agreed that competitors are informed of the factors which are involved in the source selection (mean ≈ 4.00 ; std dev <1.000). Finally majority of the respondents agreed that the organization encourages participation by demonstrating supports for small, disadvantaged groups (mean ≈ 4.00 ; std dev <1.000). The standard deviation ranged between 1.23034 and 0.71181 indicating that the dispersion of the respondents from the mean was small. This implies that the variance of the highest respondents and the lowest respondents was minimal. The latter observation mirrored the views made in a study by Evenett, (2005) who stated that the tendering process creates fairness for all parties and enhances transparency levels. 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.

4.4.5 Implementation of ethical procurement practices

The views of procurement process on successful implementation of ethical procurement practices State corporations. The respondents' opinions are indicated in Table 4.7

Table 4. 7: Descriptive Statistics on successful implementation of ethical procurement practices State corporations

	N	Min	Max	Mean	Std.
Involvement of external auditors ensures accountability in the procurement process	51	1	5	4.7451	.44014
Separation of key internal functions contributes to accountability in procurement system.	51	1	5	3.1765	1.35212
Adherence to the set laws and regulations ensures fairness in the procurement system	51	1	5	4.3333	.68313
An efficient bids evaluation criteria stops cases of corruption	51	1	5	4.5098	.57871
Involving all the stakeholders in the procurement process to ensure transparency.	51	1	5	3.9412	1.10294

From the findings the respondents admitted that involvement of external auditors ensures accountability in the procurement process (mean = 4.7451; std dev = 0.4401). The respondents further agreed that separation of key internal functions contributes to accountability in procurement system (mean = 3.157; std dev = 1.362). In addition, the respondents agreed that adherence to the set laws and regulations ensures fairness in the procurement system. (mean \approx 4.00; std dev < 1.000). The respondents agreed that an efficient bids evaluation criteria stops cases of corruption. (mean \approx 5.00; std dev < 1.000). The respondents further agreed that involving all the stakeholders in the procurement process to ensure transparency. (mean = 3.9412; std dev = 1.10294). The standard deviation ranged between 0.44014 and 1.35212 indicating that the dispersion of the respondents from the mean was minimal. This implies that the variance of the highest respondents and the lowest respondents was small. The tendering process creates fairness for all parties and enhances transparency levels.

4.5 Inferential Statistics

4.5.1 Record Management on Successful Implementation of Ethical Procurement Practices.

The study sought to establish the correlation between record management and successful implementation of ethical procurement practices State corporations. The findings of the study are as shown in Table 4.8.

Table 4. 8: Record management and successful implementation of ethical procurement practices.

		Implementation of ethical procurement practices
Record Management	Pearson Correlation	.605**
	Sig. (2-tailed)	.000
	N	51

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

As indicated in Table 4.12, the study indicates that there was a moderate positive, and statistically significant correlation between record management and successful implementation of ethical procurement practices. (r = 0.605; p < 0.05). This implies

that an improvement in record management results to successful implementation of ethical procurement practices.

4.5.2 Organizational structure on successful implementation of ethical procurement practices.

In addition the study sought to establish the influence of organization structure on successful implementation of ethical procurement practices. The findings of the study are as shown in Table 4.9.

Table 4. 9: Organizational structure and successful implementation of ethical procurement practices.

	Implementation of ethical procurement practices
Organizational Structure	Pearson Correlation .563 ^{**}
	Sig. (2-tailed) .000
	N 51

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

The relationship between organizational structure and ethical practices in procurement was established to be positive, and statistically significant ($r = 0.563$; $p < 0.05$). This implies that as State Corporation adopt better organization structure it results to successful implementation of ethical procurement practices.

4.5.3 Employee skills and successful implementation of ethical procurement practices.

The study determined the influence of employee skills on successful implementation of ethical procurement practices. The results of the correlation analysis are as shown in Table 4.10.

Table 4. 10: Correlation between employee skills and successful implementation of ethical procurement practices.

	Implementation of ethical procurement practices
Employee Skills	Pearson Correlation .449 ^{**}
	Sig. (2-tailed) .000
	N 51

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

As shown in Table 4.14, the relationship between employee skills and successful implementation of ethical procurement practices was found to be moderately positive, statistically significant ($r = 0.449$; $p < 0.05$). This implies that improved employee skills result to successful implementation of ethical procurement practices.

4.5.4 Tendering process and successful implementation of ethical procurement practices

Lastly, the study examined the influence of tendering process on successful implementation of ethical procurement practices. The results of correlation analysis are outlined in Table 4.13.

Table 4. 3: Tendering process and successful implementation of ethical procurement practices

		Implementation of ethical procurement practices
Tendering process	Pearson Correlation	.586 ^{**}
	Sig. (2-tailed)	.000
	N	51

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

The study as shown in Table 4.15 established that a positive statistically significant relationship existed between tendering process and successful implementation of ethical procurement practices ($r = 0.586$; $p < 0.05$). The results of the correlation analysis indicated that as State Corporation enhance their tendering process it results to successful implementation of ethical procurement practices

4.5.5 Influence of determinants of successful implementation of ethical procurement practices.

The study ascertained the influence of record management, organizational structure, employee skills and tendering process on successful implementation of ethical procurement practices in State corporations. The results in relation to the foregoing are illustrated in Tables 4.12

Table 4. 11: Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.669 ^a	.447	.399	.30884

a. Predictors: (Constant), Tendering process, Employees kills, Organizational structure, Record management

As illustrated in Table 4.14, the relationship between independent variables and dependent variables was established to be positive moderately strong. The R-Squared is the variation of the dependent variable in respect to the changes in the independent variables. The R-squared in this study was 0.447, which shows that the four independent variables (Tendering process, Employees kills, Organizational structure, Record management) can explain 44.7% of the dependent variable.

ANOVA^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	3.546	4	.887	9.337	.000 ^b
1	Residual	4.387	46	.095		
	Total	7.934	50			

a. Dependent Variable: Implementation of Ethical Procurement Practices

b. Predictors: (Constant), Tendering process, Employee kills, Organizational structure, Record Management

The analysis of variance in this study was used to determine whether the model is a good fit for the data. From the findings, the p-value was 0.000 which is less than 0.05 and hence the model is good in predicting how the three independent variables (Tendering process, Employees kills, Organizational structure, Record management) influence successful implementation of ethical procurement practices in state corporations. Further, the F-calculated was (9.295) which shows that the model was fit in predicting the influence of the independent variables on the dependent variable.

Table 4. 12: Regression Coefficients^a

Model	Unstandardized		Standardized	t	Sig.	
	Coefficients		Coefficients			
	Beta	Std. Error	Beta			
	(Constant)	2.026	.420	4.824	.000	
1	Record management	.241	.147	.421	1.640	.008
	Organizational structure	.219	.144	.286	1.517	.036
	Employee skills	-.173	.117	-.317	-1.481	.045
	Tendering process	.201	.114	.297	1.771	.003

a. Dependent Variable: Implementation of Ethical Procurement Practices

$$Y = 2.026 + 0.241X_1 + 0.219X_2 - 0.173X_3 + 0.201X_4$$

From the findings, there is a positive significant relationship between record management and successful implementation of ethical procurement practices as shown by a regression coefficient of 0.241. The p-value (0.008) was less than the significance level (0.05). According to the results, the hypothesis that: record management has no significant influence on ethical practices in procurement in State Corporations in Nakuru Town was rejected. This implies that record management has a significant influence on ethical practices in procurement in State Corporations in Nakuru Town.

The results also indicate that there is a positive significant relationship between organizational structure and successful implementation of ethical procurement practices as shown by a regression coefficient of 0.219. The p-value (0.036) was less than the significance level (0.05). According to the results, the hypothesis that: organizational structure has no significant influence on ethical practices in procurement in State Corporations in Nakuru Town was rejected

The results also indicate that there is an inverse significant relationship between employee skills and successful implementation of ethical procurement practices as shown by a regression coefficient of -0.173. The p-value (0.045) was less than the significance level (0.05). According to the results, the hypothesis that: employee skills

have no significant influence on ethical practices in procurement in State Corporations in Nakuru Town was rejected

Lastly, the results show that there is a positive significant relationship between tendering process and successful implementation of ethical procurement practices as shown by a regression coefficient of 0.201. The p-value (0.003) was less than the significance level (0.05). According to the results, the hypothesis that: employee skills have no significant influence on ethical practices in procurement in State Corporations in Nakuru Town was rejected

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter focuses on the summary of major findings of the study; both descriptive and inferential. This is followed by a presentation of the conclusions inferred from the findings. The relevant recommendations are then suggested. Finally, the chapter outlines the areas suggested for further research.

5.2 Summary

The major study findings are summarized in this section. It outlines the summary of the findings in line with the objectives of the study.

5.2.1 Record management on successful implementation of ethical procurement practices

The study revealed that respondents admitted that at State corporations records are timely recorded. It was also agreed that procurement records are counterchecked to ensure accuracy. In addition, respondents agreed that in case of alterations of procurement records all the stakeholders are involved. The relationship between record management and successful implementation of ethical procurement practices was established to a positive, statistically significant.

5.2.2 Organizational structure and successful implementation of ethical procurement practices

Respondents admitted that State corporations have a code of conduct which ensures uniformity in procurement process. They were however indifferent of the view that poor communication along the various departments hinders information flow resulting to lack of transparency in procurement process. It was also clear that effective hierarchy of authority enhances communication along the chain of command and positively affects procurement operations. The study further found that the relationship between organizational structure and ethical practices in procurement was positive, moderately strong and statistically significant

5.2.3 Employee skills and successful implementation of ethical procurement practices

It was concurred that State corporations has a functional training policy in place to ensure continued development of skills and professionalism among procurement officers. It was also agreed that the organization offers refresher courses to improve procurement officers' skills on the new procurement practices. The study also noted that there existed a positive, weak statistically significant relationship between employee skills and successful implementation of ethical procurement practices.

5.2.4 Tendering process and successful implementation of ethical procurement practices.

The sampled officers admitted that potential suppliers are given equal access to information and are accorded the same treatment. It was however not clear whether the organization's tendering process are those set in the PPAD ACT 2015. In addition, respondents were non-committal on the views that the organization conducts regular audits of procurement processes to ensure probity is being considered and achieved. The study established that a positive, moderately strong and statistically significant relationship existed between tendering process on successful implementation of ethical procurement practices.

5.2.5 Successful Implementation of Ethical Procurement Practices

The findings indicated that involvement of external auditors ensures accountability in the procurement process. In addition, the respondents agreed that separation of key internal functions contributes to accountability in procurement system.. It was further concurred that adherence to the set laws and regulations ensures fairness in the procurement system. Furthermore, the study indicated that involving all the stakeholders in the procurement process to ensure transparency.

5.3 Conclusions

The study drew conclusions in respect of record management, organizational structure, employee skills and tendering process in relation to ethical practices in procurement.

5.3.1 Record management and successful implementation of ethical procurement practices.

From the findings the researcher concluded that state corporations have a back-up of all the procurement records. It was also noted that procurement officials must get authorization to access automated procurement records. The organization regularly conducts an audit of procurement record which is often done weekly. The organization use both manual and automated procurement record system. The study inferred that record management was significant in enhancing ethical practices in procurement process.

5.3.2 Organizational structure and successful implementation of ethical procurement practices

Regarding organization structure the researcher concluded that the organization has well defined roles which ensure personal accountability on procurement roles. Lack of independence of procurement department in an organization contributes to lack of accountability. Decentralization of procurement functions increases the chances of unethical procurement practices such as corruption. The use of centralized organization structure ensures quality of goods and services. The study inferred that organization structure was crucial in enhancing ethical practices in procurement process.

5.3.3 Employee skills and successful implementation of ethical procurement practices

The study concluded that majority of the members from the procurement department at State corporations have not undergone any sensitization training on revised PPAD ACT 2015. Majority of employees have in adequate skills on E-Procurement. The study inferred that employee skills were important in enhancing ethical practices in procurement process.

5.3.4 Tendering process and successful implementation of ethical procurement practices

State corporations provide the entire supplier with equal access to information and are accorded the same treatment. Competitors are informed of the factors which will be

involved in the source selection. The study also concluded that the organization encourages participation by demonstrating supports for small, disadvantaged groups.

5.4 Recommendations

The study also recommends that state corporation ought to adopt modern technology such as ERP, SAP and IFIMIS in procurement processes. They should also adopt record management software such as e-records for eases and safety of storing records. Officers should be trained on use of current technology in records management.

Organization structure defines task allocation, reporting relationships, and formal coordination mechanisms in an organization. Organization should establish an effective hierarchy of authority this will enhance communication along chain of command and ensure successful implementation of ethical procurement practices.

Lack of skills and expertise have been proven to be one of the greatest challenges to effective procurement record management, therefore public institution should train their employee. This will equip them with the proper skills for effective procurement record management.

State corporations should put in place legislation and instituting regulatory mechanisms on records management for their operations so as ensure transparency and accountability in tendering processes.

5.5 Suggestions for Further Research

The researcher suggested that further studies should be conducted on effect of ethical practices on procurement performance. The researcher also suggested that further studies be conducted on the influence of management skills on successful implementation of ethical procurement practices in state corporations in Nakuru Town.

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APPENDICES

APPENDIX 1: LETTER OF INTRODUCTION

Dear respondent,

RE: REQUEST FOR INFORMATION

I am a Masters student at Jomo Kenyatta University of Agriculture and Technology, Currently undertaking a research study titled: “*DETERMINANTS OF SUCCESSFUL IMPLEMENTATION OF ETHICAL PROCUREMENT PRACTICES IN STATE CORPORATIONS, NAKURU COUNTY.*” I kindly request you to provide the required information to the best of your knowledge. The information provided will be treated with utmost confidentiality and only used for academic purpose.

Thank you

Yours faithfully,

Student

Supervisor

APPENDIX 2: RESEARCH QUESTIONNAIRE

This questionnaire is an integral part of a study titled: “**DETERMINANTS OF SUCCESFUL IMPLEMENTATION OF ETHICAL PROCUREMENT PRACTICES IN STATE CORPORATIONS.**” You are kindly requested to give precise and honest information. Please fill in the required information in the spaces provides by placing a tick (✓) where appropriate.

SECTION A. RESPONDENTS DETAILS

1. Highest education qualification attained

College ()

First Degree ()

Post Graduate ()

2. How long have you been working in this organization?

Less than 5 years ()

6-10 Years ()

11 – 20 Years ()

More than 20yrs ()

SECTION B: RECORD MANAGEMENT

3. In a scale of 1-5, indicate the level of agreement regarding the following statement on the influence of record management on successful implementation of ethical procurement practices in your organization. Key 5= Strongly Agree, 4= Agree, 3= Undecided, 2= Disagree and 1= Strongly Disagreed

	5	4	3	2	1
Organizations records are timely recorded					
Procurement records are counterchecked to ensure accuracy					
In case of alterations of procurement records all the stakeholders are involved					
The organization has a back-up of all the procurement records					
Procurement officials must get authorization to access automated procurement records					
The organization regularly conduct an audit of procurement record					
The organization use both manual and automated procurement					

record system					
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SECTION C: ORGANIZATIONAL STRUCTURE

4. In a scale of 1-5, indicate the level of agreement regarding the following statement on the influence of organization structure on successful implementation of ethical procurement practices in your organization. Key 5= Strongly Agree, 4= Agree, 3= Undecided, 2= Disagree and 1= Strongly Disagreed

	5	4	3	2	1
Effective hierarchy of authority enhances communication along the chain of command and positively affect procurement operations					
An effective internal control system such as code of conduct ensures that each employee takes individual responsibility					
Poor communication along the various departments hinders information flow resulting to lack of transparency					
The organization has well defined roles which ensure personal accountability on procurement roles					
Lack of independence of procurement department in an organization contribute to lack of accountability					
Decentralization of procurement functions increases the chances of unethical procurement practices such as corruption.					
The use of centralized organization structure ensures quality of goods and services					

SECTION D: EMPLOYEE SKILLS

5. In a scale of 1-5, indicate the level of agreement regarding the following statement on the influence of employee skills on successful implementation of ethical procurement practices in your organization. Key 5= Strongly Agree, 4= Agree, 3= Undecided, 2= Disagree and 1= Strongly Disagreed

	5	4	3	2	1
The organization offers refresher courses to improve procurement officers skills on the new					

procurement practices					
The organization has an functional training policy in place to ensure continued development of skills and professionalism among procurement officers					
Majority of persons involved in functions relating to procurement understand the provisions of the PPAD Act 2015					
Majority of the members from the procurement department have not undergone any sensitization training on PPAD Act 2015					
Majority of employees have in adequate skills on E-Procurement.					

SECTION F: TENDERING PROCESS

6. In a scale of 1-5, indicate the level of agreement regarding the following statement on the influence of tendering process on successful implementation of ethical procurement practices in your organization. Key 5= Strongly Agree, 4= Agree, 3= Undecided, 2= Disagree and 1= Strongly Disagreed

	5	4	3	2	1
Competitive bidding process provide equal opportunity to all the viable bidders					
Suppliers are selected based on the cost and quality of products and services					
The organization’s tendering process are those set in the PPAD Act 2015					
Potential suppliers are given equal access to information and are accorded the same treatment					
Competitors are informed of the factors which will be involved in the source selection					
The organization encourages participation by demonstrating supports for small, disadvantaged groups					

SECTION E: SUCCESSFUL IMPLEMENTATION OF ETHICAL PRACTICES

7. In a scale of 1-5, indicate the level of agreement regarding the following statement on successful implementation ethical procurement practices in your organization. Key 5= Strongly Agree, 4= Agree, 3= Undecided, 2= Disagree and 1= Strongly Disagreed

	5	4	3	2	1
Involvement of external auditors ensures accountability in the procurement process					
Separation of key internal functions contributes to accountability in procurement system.					
Adherence to the set laws and regulations ensures fairness in the procurement system					
An efficient bids evaluation criteria stops cases of corruption					
Involving all the stakeholders in the procurement process to ensure transparency.					

APPENDIX 3: LIST OF STATE CORPORATIONS IN NAKURU

1. Agricultural Development Corporation
2. Agricultural Finance Corporation
3. Egerton University
4. Geothermal Development Company (GDC)
5. Higher Education Loans Board (HELB)
6. Jomo Kenyatta University of Agriculture and Technology
7. Kenya Agricultural Research Institute
8. Kenya Bureau of Standards
9. Kenya Copyright Board
10. Kenya Electricity Transmission Company (KETRACO)
11. Kenya Forest Service
12. Kenya Forestry Research Institute (KEFRI)
13. Kenya Medical Supplies Agency
14. Kenya Medical Training Centre
15. Kenya National Bureau of Statistics
16. Kenya National Highways Authority
17. Kenya National Library Service (KNLS)
18. Kenya Pipeline Company Ltd
19. Kenya Plant Health Inspectorate Services (KEPHIS)
20. Kenya Post Office Savings Bank
21. Kenya Power and Lighting Company
22. Kenya Railways Corporation
23. Kenya Revenue Authority
24. Kenya Roads Board
25. Kenya Rural Roads Authority (KERRA)
26. Kenya Seed Company
27. Kenya Tourist Development Corporation
28. Kenya Urban Roads Authority (KURA)
29. Kenya Wildlife Services
30. Kenya Wine Agencies Limited
31. Kenyatta University
32. National Cereals and Produce Board

33. National Hospital Insurance Fund
34. National Housing Corporation
35. National Social Security Fund (NSSF)
36. New Kenya Co-Operative Creameries Ltd
37. Pesticide Control Products Board (PCPB)
38. Pharmacy & Poisons Board
39. Postal Corporation of Kenya
40. Pyrethrum Board of Kenya
41. Rift Valley Water Services Board

Source: State Corporations Advisory Committee (2017)