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## Effect of Public Procurement Procedure on the Use of Donor Funded Projects: A Case of Study of Moi Teaching and Referral Hospital

**Joachim Kasyoki**

M.Sc Student, Jomo Kenyatta University of Agriculture and Technology, Kenya

**Dr. Bichanga Walter Okibo**

Senior Lecturer, School of Human Resource Development

Jomo Kenyatta University of Agriculture and Technology, Kenya

**Dorothy C. Cheptoo**

M.Sc Finalist, Jomo Kenyatta University of Agriculture and Technology, Kenya

**Wandera Robert Wamalwa**

Lecturer, Jomo Kenyatta University of Agriculture and Technology, Kenya

### **Abstract:**

*The study aimed at establishing the effect of procurement procedure on the use of donor funded projects at Moi teaching and referral hospital. This is because every organization that purchases goods or services has standard procurement procedures, the methods they use to acquire those things. These procedures cover all aspects of the procurement cycle, including the selection of the supplier, contract negotiations, order placement and payment. In order to achieve this purpose, objectives were formulated which included to determine the effect of procurement skills on donor funded projects at the organization; to examine the effect of corruption on procurement on the donor funded projects and to find out the effect of procurement planning on the donor funded projects. The study was guided by the Principal-Agent Theory and the General Systems Theory. The researcher employed a descriptive research design. This study was carried out at the Moi Teaching and Referral Hospital. The sample population consisted of Divisional chairpersons, heads of department, administrators and staff working in the various hospital departments who understand procurement procedures. Structured questionnaires and document analysis were the main data collection tools. Validity and reliability of these instruments was established through conducting a pilot study and getting expert opinions. The collected data was then coded and analyzed using the SPSS version 17 computer program. The study therefore concluded that it is therefore important that staff assigned to the procurement function have the professional skills and experiences to carry out the functions efficiently. The systematic application of management policies, procedures, and practices to manage risk in the procurement area is important in order to provide reasonable account regarding procurement objectives. Failure to apply risk management in the procurement area may result in non competitive prices, reduced standards of received goods and services and dissatisfied stakeholders. The study recommends that in respect to strategic procurements and procedures in general, more consultation should be made with the wider community and with other Stakeholders in the procurement system, especially members of the public who was directly affected by the outcomes of the project, also, Better trained and managed professional procurement teams are required in order to operate the principles behind the new procurement methods and procedures given the increasing complexity of procurement, and the need to exercise decisiveness in complex circumstances.*

**Keywords:** Procurement planning, Accountability, Procurement skills, Procurement Procedure, Public procurement, Donor funds, Corruption

**Acronyms:** Academic Model Providing Access To Healthcare (AMPATH),Enterprises Resource Planning(ERP),Gross Domestic Product (GD),Moi Teaching and Referral Hospital(MTRH),Public Procurement and Disposals Act(PPDA),Public Procurement Oversight Authority(PPOA),Request for Quotation (RFP), Research and Sponsored Projects Office (RSPO)

## 1. Introduction

In modern day to day changing technology, procurement management is both science and art that involves inter-relating with people and materials. The science of purchasing develops valid concepts, principles and processes to guide day to day practice of an organization to bring about a more good and predictable end-results. This research study was set to help come up with correct and required skills in purchasing or procurement process (Mullins, 2003).

This can usually be done through agentive procurement management. Globally, procurement management is increasingly and widely recognize as a function of production that leads to increased productivity output as well as sales. Certainly countries in the developing world like Africa are experiencing a need to import high quality technology and skills. Procurement management has therefore been recognized as the most appropriate function that will field fruits, simply because of its online with developed world market or suppliers. This has been field through the increasing and improved quality of materials as well as quality assurance. Demanding department or sections need to work closely with procurement function to ensure that their technical demands are fully specified and described to ease sourcing at the same time have the right price, at the right place and at the right time. In Kenya, the perception of procurement management, as a function is skill very low. The top management in Kenya does not recognize the science and art of procurement management. The Overlook or rather skill literally see the functional as where Multi-national manufacturing companies show a growing awareness of the importance of the purchase and supplies as a function as an element in corporate activity. Manufacturers tend to work closely with supplier to improve schedule and quality reliability. To seek mutual benefits from more effective liaison and to guarantee suppliers into the future. This is therefore facilitated by taking advantage of the competitive nature of supply market and effective purchasing people who sought to use their qualification, experience as well as power and authority constructively to the benefits of the organization (Mullins, 2003).

Public procurement differs from private procurement on the premise that in public procurement the economic results must be measured against more complex and long term criteria, furthermore public procurement must be transacted with other considerations in mind besides the economy. These include accountability, non-discrimination among potential suppliers and respect for international obligations, for this reason public procurement is subjected in all countries to enacted regulations in order to protect public interests. Public procurement is a business process within a political system and has therefore significant considerations of integrity, accountability, national interests and effectiveness. In the past decades, the public procurement system in Kenya has undergone significant developments, from being a system with no regulations in the 1960's, and a system regulated by Treasury Circulars in the 1970's, 1980's and 1990's later Public Procurement and Disposals Act (PPDA) was enacted in 2005 and became operational on 1st January 2007. (Nyarra and Flagan, 2010; Stephen and Walker, 2009)

The procurement function retains enormous potential in terms of the base processes in place, and in the development potential of its people. The team has made major progress in its ability to make the impact it feels it could. Moving forward, there has to be clarity in ownership of key activities, particularly in respect of managing supplier relationships, contract management, and supplier performance management. Significant progress has been made in integrating different functions in the organization in order to take joint responsibility for managing such relationships. However further clarity and clear lines of ownership will reduce both internal and external confusion, and drive cost out and value in (The Procurement Team, 2012)

A procurement functions are a national vision of what countries want from their procurement systems, how to go about this in realistic ways that are sustainable after the donors leave, and how to do this in ways that foster donor efforts to organize themselves around national systems. A well planned procurement function creates commitment by donors to support approaches that foster local ownership and to better co-ordinate and execute capacity building initiatives.

The World Bank's Procurement Under IBRD Loans and IBRD Credits specifies following four major concerns or objectives of public procurement for projects funded by its loans- Ensuring that the loan is used to buy only those goods and services needed for the project, Ensuring fair competition for all qualified bidders from the World Bank's eligible countries, Promoting transparency or integrity; and Encouraging development of indigenous contractors and manufacturers by allowing local buyers to build in a margin of preference for local contractors and manufacturers (Tucker, 2008).

The Research and Sponsored Projects Office (RSPO) was formed in 2003 to support the administration and management of grants that MTRH and MUCHS anticipated receiving from external agencies. Since MUCHS and MTRH each had a stake in the management of this office, they entered into an understanding, forming RSPO as a joint office of the two institutions. Moi University CHS and MTRH therefore formed the institutional foundation of RSPO, which currently has five departments: Finance, Administration, Human Resource, Supplies & Procurement and Compliance. RSPO has administered awards that have come to the two institutions both as a prime recipient and as subcontractors.

### 1.1. Statement of the Problem

Public Procurement has always been a big part of the developing countries economy accounting for an estimated 9-13% of the developing nations Gross Domestic Product (GDP) and it is therefore an area that needs attention in the face of increasing non compliance, Odhiambo and Kamau, (2003) also cited by Eyaa and Oluka (2011) In many developing countries, public procurement has not been viewed as having a strategic impact in the management of public resources.

Laws on Public Procurement have been enacted, which should ensure that Public procuring entity's complies with the laid down regulations. However this hasn't been achieved since there are still many complaints from donors regarding public procurement rules and procedures being circumvented. The procurement function has not been given the recognition it deserves in developing countries, in most public entities, regardless of the effort by the partners like the World Bank, the International Trade Organization, the United

Nations Conference on Trade and Development, the World Trade Organization, USAID and, others. This could be deliberate or sheer ignorance on the value the procurement function could contribute to any organization. The study was set to determine the effect of procurement procedure on the use of donor funded projects.

### 1.2. Objectives of the Study

The main objective of the study was to determine the effect of procurement procedure on the use of donor funded projects. The specific objectives were:

- To determine the effect of procurement skills on donor funded projects at the organization
- To examine the effect of corruption on procurement on the donor funded projects
- To find out the effect of procurement planning on the donor funded projects

### 1.3. Scope of the Study

The study investigated on the effect of procurement procedure on the use of donor funded projects at Moi teaching and referral Hospital, in Uasin Gishu County.

A case study research design was adopted in the study. The researcher adopted stratified and simple random as sampling designs. Data was collected through questionnaires and analyzed by descriptive statistics. Data was later presented in frequency distributions and percentages.

## 2. Literature Review

### 2.1. Conceptual Framework

There are two variables on this topic independent and dependent. The independent variable is procurement function while the dependent variable is research grants objectives. The research on this topic reveals that there both positive and negative correlation between procurement procedure and donor funded projects

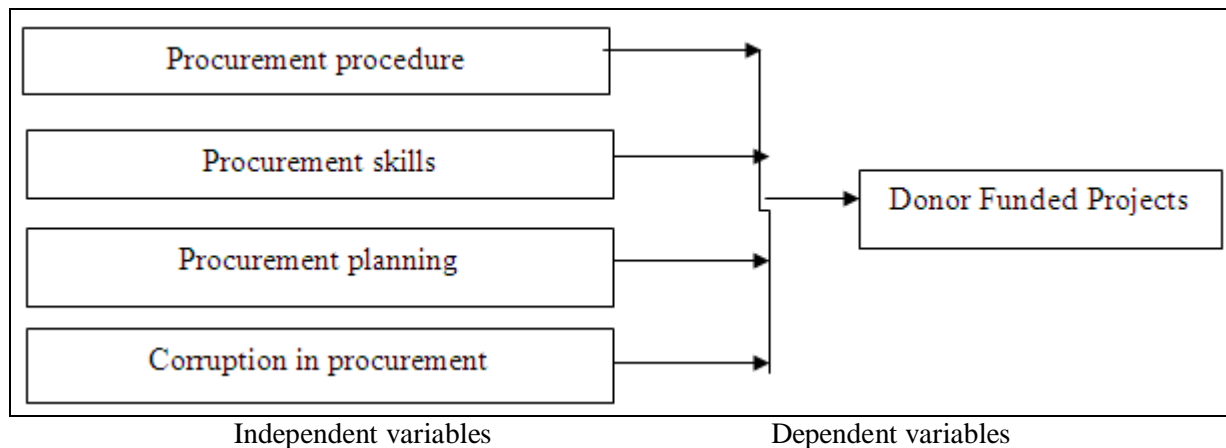


Figure 1: Conceptual Framework

### 2.2. Procurement Procedure

According to regulation II, public procurement entities are under obligation to give all potential candidates an opportunity to tender (government user's guide 2001). The requirement for full and free competition requires that the procurement action reach as many potential candidates as possible. The regulation lays emphasis on the use of open tendering but allows other procurement methods in special circumstances whatever the method used; orders and contracts should be awarded to candidates with potential ability to perform successfully under the terms of the contract. It is stressed that although it was important that procurement be based on the basis of tenders that are most advantageous to the public, price and other factors should be carefully considered; this does not require absolutely that an award be made to the candidate that submits the lowest tender (Byatt, 2002).

#### 2.2.1. Request for proposal

According to public procurements and disposal Act chapter two ( No.3, 2003) entities may use a request for proposal if the procurement is of service or a combination of goods and services, if services to be procured are advisory or otherwise of a predominately intellectual nature/ The procedure for procurement using a request for proposals involved: the procuring entity shall prepare a notice inviting interested persons to submit for interest, the notice inviting expression of interest shall set out the following: The name and address of procedure entry, a burst description of the services being procured and its applicable, the goods being procured, the qualification necessary to be invited to submit a proposal and explanation of where and when expressions of interest must be submitted and the procuring of entity will advertise the notice inviting expressions of interest in at least two daily newspapers of nationwide circulation (Hiles, 2005).

### 2.2.2. Request for Quotations

According to public procurement and disposal Act (2005), a procuring entity may use a low value procurement procedure if; the procurement is for goods that are readily available and for which there is market and if the estimate value of the goods being procured is less than or equal to the prescribed maximum value for using a request for quotations. The procuring entity shall prepare a request for quotations that set out the following; the name and address of the procuring entity; the specific requirements prepared relating to the goods being procured. An explanation of where and when quotations must be submitted and the regulations to be set out in request for quotation

### 2.2.3. Procedure for low- value procurement

According to Public Procurement and Disposal Act (2005), a procuring entity may use a low value procurement procedure if the estimated value of goods, works or services being procured are less than or equal to the prescribed maximum value for the low value procurement procedure that is the amount or quantity of goods and services being procured may be less or equal to the intended amount of the low value procurement procedure.

### 2.2.4. Direct procurement

If there is an urgent need of the goods, works or services being procured; because of the urgency the other available methods of procurement are impractical and the circumstances that gave rise to the urgency were not foreseeable and were not the result of dilatory conduct on the part of procuring entity (Government procurement Act 2005).

### 2.2.5. Effects of Donor Funding

Foreign aid, being one of the key in the machine driving the global economic system needs to be resisted and its impact reseed to determine who is aiding who or who actually is in business and at whose cost. The SAP prescriptions stated in the early 1980,s these are aimed at liberalizing a countries foreign investment climate by eliminating stringent trade and investment regulations , boosting foreign exchange earnings by promoting exports and reducing government deficits through cuts in expenditure. These are basically made to put some financial discipline in the recipient to ensure they operated efficiently and effectively. These lending bodies put stringent demands on the borrowing governments which is required to cut down deficits which means in practical terms cutting down on public expenditure on social services such as health, education and subsidies on strategic commodities such as foodstuff. An atomizing account on the effect of foreign aid is cited in the case of African countries. In spite of the populist nature of the source it raises eyebrows to realize that while the World Bank and IMF have given about a trillion in loans since the 1960's per capita growth rate in many African countries over the last 20 years has been zero.

### *2.3. Research gap*

Developing countries have need for a well-functioning public procurement system., where procurement usually accounts for a high proportion of total expenditure. Kenya is committed to improving efficiency in the public procurement system at every opportunity for the purpose of enhancing: accountability in decision-making structures; responsiveness to citizens of the country; professionalism to improve performance; transparency in the procedures and policies; and appeal rights to redress meritorious grievances of suppliers. However, this can only be achieved with a full understanding of the factors influencing the management of the procurement procedures at the basic level. There is lack of sufficient information on these variables, locally to enable the donors fulfill its commitment. Existing literature in Kenya fails to capture the influence of these factors on the effective management of the Procurement procedures of donor funded projects. This study was conducted to bridges the gap identified during the literature review which are concerned with the investigation of the effect of procurement procedure and use of donor funded a case of study of Ampath, Eldoret

### *2.4. Methodology*

A research design is defined as a framework or blueprint for carrying out any form of research. It details the procedures necessary for obtaining the information needed to structure or solve research problems. For this research project, a descriptive design was applied. Descriptive research design encompasses a scientific method involving the observation and description of the behavior of a subject without exerting any influence on it. A descriptive method collects information by interview and administering a questionnaire to a sample population, (Orodno, 2003). Specifically, the type of descriptive research design applied in this research project is a case study. A case study was selected for this project because it is suitable for extensive research, rapid data collection, and ability to understand the population. In this case it is the most effective research design for investigating the successful effect of procurement procedure on the use of donor funded projects of Moi Teaching and Referral Hospital.

The study targeted employees' of MTRH. The population was composed of divisional chairpersons, heads of departments, administrators, divisional accountants, health workers and other support staff at the Hospital. This enhanced reliable and relevant data collection. This population was selected for this study because they are directly involved in the implementation of procurement procedures at the Hospital.

### 3. Results and Discussions

	Frequency	Percent	Cumulative Percent
Male	203	66.8	50.0
Female	141	33.2	100.0
Total	344	100.0	100.0

Table 1: Gender of the respondents

(The dependent, independent and moderating variables were measured on Likert Scales of 1 to 5 ranging from 5:- Strongly Agree to 1:- Strongly Disagree)

The results reported that 203 respondents or 66.8% were male and 141 respondents or 33.2% were female, this means those males are the majority of the sampled respondents. The gender difference in the organization was not high. This is facilitated by the work environment as most of the job description in the organization needs active and productive workers. Both genders do play a vital role in the organization as pertains performance.

	SA	A	N	D	SD	Variance	Std. Dev
	F (%)	F (%)	F (%)	F (%)	F (%)		
Negotiation skills	130 (37.8%)	130 (37.8%)	64 (18.6%)	15 (4.4%)	5 (1.5%)	.868	.9317
Buying skills	84 (24.4%)	230 (66.9%)	23 (6.7%)	5 (1.5%)	2 (0.6%)	.406	.6369
Decision making skills	64 (18.6%)	194 (56.4%)	53 (15.4%)	11 (3.2%)	22 (6.4%)	.996	.9982

Table 2: Necessary procurement skills

Source: Research study, 2014

Note: SA=Strongly Agree, A=Agree, N=Neutral, D=Disagree, SD=Strongly Disagree

Negotiation skills 64 (18.6%) were neutral while 130 (37.8%) agreed and strongly agreed, 15 (4.4%) disagreed with the statement. Based on the findings that they have Buying skills 84 (24.45) strongly agree, 230 (66.9%) agreed while 11 (3.2%) disagrees with the statement while 53 (15.4%) were neutral with the statement. On the statement that they have Decision making skills 194 (56.4%) were in agreement, 53 (15.4%) were neutral and 64 (18.6%) strongly agreed with that statement.

#### 3.1. Effect of procurement skills on donor funded projects

The study sought to find out effect of procurement skills on donor funded projects. Data on the findings were presented below

	SA	A	N	D	SD	Variance	Std. Dev
	F (%)	F (%)	F (%)	F (%)	F (%)		
Ensures customer satisfaction	64 (18.6%)	233 (67.7%)	30 (8.7%)	17 (4.9%)	-	.472	.6872
Improves quality of services procured	60 (17.4%)	231 (67.2%)	35 (10.2%)	14 (4.1%)	4 (1.2%)	.543	.7371
Acquiring of right products at the right price	83 (24.1%)	186 (54.1%)	47 (13.7%)	21 (6.1%)	7 (2%)	.801	.8952
Ensure sufficient and availability of materials	105 (30.5%)	199 (57.8%)	26 (7.6%)	14 (4.1%)	-	.523	.7233

Table 3: Effect of procurement skills on donor funded projects

Source: Research study, 2014

Note: SA=Strongly Agree, A=Agree, N=Neutral, D=Disagree, SD=Strongly Disagree

On the statement that Ensures customer satisfaction 64 (18.6%) strongly agreed, 233 (67.7%) agreed while 30 (8.7%) were neutral and 17 (4.9%) disagree with the statement.

It Improves quality of services procured 14 (4.1%) disagree, 231 (67.2%) agreed while 60 (17.4%) strongly agreed while 4 (1.2%) strongly disagree and 35 (10.2%) were neutral with the statement.

Acquiring of right products at the right price 83 (24.1%) strongly agree, while 186 (54.1%) agreed with the statement while 47 (13.7%) were neutral, 21 (6.1%) disagree and 7 (2%) strongly disagree with the statement.

It Ensure sufficient and availability of materials<sup>26</sup> (7.6%) of the respondents were neutral with the statement, 105 (30.5%) strongly agreed, 199 (57.8%) were in agreement while 14 (4.1%) disagree with the statement. This implies procurement skills has great impact on managing donor funds.

### 3.2. Relationship between procurement skills and donor funded projects

Pearson's product moment correlation coefficient test was used to test this relationship. The procurement skills index was correlated with the donor funded projects index. The results are presented in Table 4.

Procurement skills Index	Pearson's Correlation Sig.(2 -tailed) N	Donor funded projects Index
		0.586** .000 344

Table 4: Results of Pearson's product moment correlation test on the effects of procurement skills on donor funded projects  
Correlation significant at the 0.01 level (2-tailed)  
Source: Research study, 2014

The results (59%) indicate a moderately strong positive and significant correlation between procurement skills and donor funded projects in the organization. For this reason, it can conclude that there is a strong relationship between procurement skills and donor funded projects in the organization variables.

### 3.3. Findings on effects of procurement skills on donor funded projects

Based on the findings on the effects of procurement skills on donor funded projects, the result showed that procurement requires a mix of skills ranging from the ability to negotiate on price, interpreting market intelligence and an ability to negotiate terms and conditions, to competences in electronic procurement and contract management. It is therefore important that staff assigned to the procurement function have the professional skills and experiences to carry out the functions efficiently. The systematic application of management policies, procedures, and practices to manage risk in the procurement area is important in order to provide reasonable account regarding procurement objectives. Failure to apply risk management in the procurement area may result in non competitive prices, reduced standards of received goods and services and dissatisfied stakeholders

### 3.4. Procurement Planning

#### 3.4.1. Procurement Planning Processes

The study sought to find out Procurement Planning Processes on use of donor funded projects Data on the findings were presented below

	SA	A	N	D	SD	Variance	Std. Dev
	F (%)	F (%)	F (%)	F (%)	F (%)		
Recognition of a need by the user department or store	135 (39.2%)	155 (45.1%)	17 (4.9%)	32 (9.3%)	5 (1.5%)	.935	.9668
Selection of possible source of supplies, taking into consideration the case of re-buy or first buy	97 (28.2%)	230 (66.9%)	2 (.6%)	11 (3.2%)	4 (1.2%)	.490	.7002
Carry out market research for prices	115 (33.4%)	189 (54.9%)	20 (5.8%)	11 (3.2%)	4 (1.2%)	.740	.8603
Involving and consulting key stakeholders	73 (21.2%)	233 (67.7%)	17 (4.9%)	15 (4.4%)	6 (1.7%)	.594	.7709
Preparation of a purchase order form and their appropriate order documents	60 (17.4%)	231 (67.2%)	35 (10.2%)	14 (4.1%)	4 (1.2%)	.543	.7371

Table 5: Procurement Planning Processes  
Source: Research study, 2014

Note: SA=Strongly Agree, A=Agree, N=Neutral, D=Disagree, SD=Strongly Disagree

Recognition of a need by the user department or store 155 (39.2%) agreed with the statement, 135 (45.1%) strongly agreed while 32 (9.3%) disagree and 5 (1.5%) strongly disagree with the statement

Selection of possible source of supplies, taking into consideration the case of re-buy or first buy 11 (3.2%) disagree, 230 (66.9%) agreed while 97 (28.2%) strongly agreed while 4 (1.2%) strongly disagree and 2 (0.6%) neutral with the statement.  
 Carry out market research for prices 115 (33.4%) strongly agreed, 189 (54.9%) agreed, 11 (3.2%) disagree while 9 (2.6%) strongly disagreed with the statement.  
 Involving and consulting key stakeholders 17 (4.9%) of the respondents were neutral with the statement while 233 (67.7%) were in agreement, 73 (21.2%) strongly agree, 15 (4.4%) disagree with the statement  
 Preparation of a purchase order form and their appropriate order documents 14 (4.1%) disagree, 231 (67.2%) agreed while 60 (17.4%) strongly agreed while 4 (1.2%) strongly disagree and 35 (10.2%) were neutral with the statement. This is explained as below.

**3.4.2. Benefits of procurement planning on use of donor funded projects**

The study wanted to find out the benefits of procurement planning on use of donor funded projects. Data on the findings were presented below.

Benefits	SA F (%)	A F (%)	U F (%)	D F (%)	SD F (%)	Variance	Std Dev
Reduces delays	82 (23.8%)	172 (50%)	-	90 (26.2%)	-	1.233	1.1106
Improves quality of services	-	41 (11.9%)	254 (73.8%)	49 (14.3%)	-	.268	.5174
Ensures steady supply to the users/customers	-	41 (11.9%)	107 (31%)	148 (42.9%)	49 (14.3%)	.783	.8851
Ensures price control for users' products/services	-	213 (61.9%)	49 (14.3%)	-	82 (23.8%)	1.589	1.2605
Helps in controlling stocks	-	148 (42.9%)	90 (26.2%)	-	107 (31%)	.742	.8612

*Table 6: Benefits of procurement planning on use of donor funded projects  
 Source: Research study, 2014*

On the statement that Reduces delays 82 (28.8%) said strongly agree, 172 (50%) said they agreed, 90 (26.2%) said they disagree and none responded that they strongly disagree.  
 Improves quality of services, the study found out that 41 (11.9%) were in agreement with the same, 254 (73.8%) were neutral, 49 (14.3%) disagreed and none strongly disagree with the statement.  
 On the statement that it Ensures steady supply to the users/customers, 41 (11.9%) said they agreed, 107 (13%) stated neutral, 148 (42.9%) said they disagree and 49 (14.3%) responded that they strongly disagree.  
 On the statement that it Ensures price control for users' products/services, 213 (61.9%) were in agreement with the same, 49 (14.3%) were neutral and 82 (23.8%) strongly disagree with the statement.  
 On the statement on Helps in controlling stocks 148 (42.9%) said they agreed, 90 (26.2%) stated neutral, and 107 (31%) responded that they strongly disagree.

**3.4.3. Relationship between Procurement planning and donor funded projects**

The researcher computed a correlation between Procurement Planning and donor funded projects; this was considered important so as to determine the relation.

		Donor funded projects Index
Procurement Planning Index	Pearson's Correlation	0.507**
	Sig.(2-tailed)	.000
	N	344

*Table 7: Results of Pearson's product moment correlation test on the effects of Procurement planning on donor funded projects  
 Correlation significant at the 0.01 level (2-tailed)  
 Source: Research study, 2014*

The results (50%) indicated that a moderately strong positive and significant relationship exists between Procurement Planning and Donor funded projects in the organization.

**3.4.4. Findings on benefits of procurement planning on use of donor funded projects**

Based on the findings on the effects of procurement planning on the donor funded projects were not effective. This was because, carefully defined and disciplined processes at every level were not maintained, procurement activities were sometimes well monitored to ensure adherence to best practice, the evaluation committee sometimes did not always conduct evaluations of the procurements to ensure compliance, stringent mechanisms were not in place to ensure procurement compliance, and some people who adhere to procurement procedures/laws are usually punished while others did not.

### 3.5. Corruption

#### 3.5.1. Factors leading to corruption on procurement

The study wanted to find out factors leading to corruption on procurement on the donor funded projects. Data on the findings were presented on table below

	SA	A	N	D	SD	Variance	Std Dev
	F (%)	F (%)	F (%)	F (%)	F (%)		
Lack of clarity of roles by stakeholders	64 (18.6%)	233 (67.7%)	30 (8.7%)	17 (4.9%)	-	.472	.6872
Failure to present proc requirements in time by departments	60 (17.4%)	231 (67.2%)	35 (10.2%)	14 (4.1%)	4 (1.2%)	.543	.7371
Poor monitoring of activities by responsible officers	83 (24.1%)	186 (54.1%)	47 (13.7%)	21 (6.1%)	7 (2%)	.801	.8952
It ensure customer needs and expectations are captured	105 (30.5%)	199 (57.8%)	26 (7.6%)	14 (4.1%)	-	.523	.7233
Lack of skills in user departments to accurately state their requirements	130 (37.8%)	130 (37.8%)	64 (18.6%)	15 (4.4%)	5 (1.5%)	.868	.9317

Table 8: Factors leading to corruption on procurement

Source: Research study, 2014

Note: SA=Strongly Agree, A=Agree, N=Neutral, D=Disagree, SD=Strongly Disagree

On the statement that Lack of clarity of roles by stakeholders 64 (18.6%) strongly agreed, 233 (67.7%) agreed while 30 (8.7%) were neutral and 17 (4.9%) disagree with the statement

Failure to present proc requirements in time by departments 14 (4.1%) disagree, 231 (67.2%) agreed while 60 (17.4%) strongly agreed while 4 (1.2%) strongly disagree and 35 (10.2%) were neutral with the statement.

Poor monitoring of activities by responsible officers 83 (24.1%) strongly agree, while 186 (54.1%) agreed with the statement while 47 (13.7%) were neutral, 21 (6.1%) disagree and 7 (2%) strongly disagree with the statement

It ensure customer needs and expectations are captured 26 (7.6%) of the respondents were neutral with the statement, 105 (30.5%) strongly agreed, 199 (57.8%) were in agreement while 14 (4.1%) disagree with the statement

Lack of skills in user departments to accurately state their requirements 64 (18.6%) were neutral while 130 (37.8%) agreed and strongly agreed, 15 (4.4%) disagreed with the statement.

#### 3.5.2. Relationship between effect of corruption and donor funded projects

Pearson's product moment correlation coefficient test was used to test this relationship. Effect of corruption and donor funded projects index. The results are presented in Table 9.

		Donor funded projects Index
Corruption Index	Pearson's Correlation	0.593
	Sig.(2 -tailed)	.000
	N	311

Table 9: Results of Pearson's product moment correlation test on the effect of corruption and donor funded projects

Correlation significant at the 0.01 level (2-tailed)

Source: Research study, 2014

The results (59%) indicate a moderately strong positive and significant correlation between Corruption and donor funded projects in the hospital.

#### 3.5.3. Findings on Factors leading to corruption on procurement

Based on the findings on the effects of corruption on procurement on the donor funded projects, it's evident that Lack of accountability creates opportunities for corruption. It can be identified that three key components of accountability, including the measurement of goals and results, the justification or explanation of those results to internal or external monitors, and punishment or sanctions for non-performance or corrupt behavior.



#### 4. Discussion on findings

The results (59%) indicate a moderately strong positive and significant correlation between procurement skills and donor funded projects in the organization. For this reason, it can conclude that there is a strong relationship between procurement skills and donor funded projects in the organization variables.

The results (50%) indicated that a moderately strong positive and significant relationship exists between Procurement Planning and Donor funded projects in the organization.

The results (59%) indicate a moderately strong positive and significant correlation between Corruption and donor funded projects in the hospital.

#### 5. Conclusion and Recommendations

##### 5.1. Conclusion

Based on the study objectives and conceptual framework, various conclusions were drawn.

##### 5.2. Effect of procurement skills on donor funded projects at the organization

On the effects of procurement skills on donor funded projects at the organization, it can be concluded that it is therefore important that staff assigned to the procurement function have the professional skills and experiences to carry out the functions efficiently. The systematic application of management policies, procedures, and practices to manage risk in the procurement area is important in order to provide reasonable account regarding procurement objectives. Failure to apply risk management in the procurement area may result in non competitive prices, reduced standards of received goods and services and dissatisfied stakeholders

These findings support Kearney (2008) who emphasized that organizations struggle to get maximum internal compliance to their strategies and processes. Some of the findings of this study are contrary to D'Avanzo, Lewinski and Wassenhove (2003) who suggested that procurement activities must be skillfully monitored to ensure adherence to legislation, set procedures and best practice.

##### 5.3. Effect of corruption on procurement on the donor funded projects

On the effects of corruption on procurement on the donor funded projects, it can be concluded that the results on the effect of corruption on procurement on the donor funded projects. Based on the finding, it's evident that Lack of accountability creates opportunities for corruption. Brinkerhoff (2004) identifies three key components of accountability, including the measurement of goals and results, the justification or explanation of those results to internal or external monitors, and punishment or sanctions for non-performance or corrupt behavior.

Organizational factors affect ethical standards in public procurement. These cultural variables are: frequency of procurement cycle audits, procurement professionals' pay get-rich quick culture and lack of fair competition practices within the procurement cycle. The environmental variables specifically the level of clarity of policies and procedures (policy climate) affects the ethical climate in public procurement. Political influence in the public procurement affects the decision-making by the public procurement officers and hence diminishes the ethical integrity of their actions. The internal politics within the organization also play a role in undermining the ethical standards in the procurement departments. Lack of proper documentation of procurement activities undermines transparency and the thrust for better ethical standards in public procurement Corruption should be reduced by enforcing of strict rules and giving penalties, training the recruited workers, the procurement team should carryout research so as to find out a reliable service. The study therefore validates Trevino's Person-Situation Integrationist Model as to the variables affecting ethical behaviour and standards in an organization.

##### 5.4. Effect of procurement planning on the donor funded projects

Based on the findings on the effects of procurement planning on the donor funded projects were not effective. This was because, carefully defined and disciplined processes at every level were not maintained, procurement activities were sometimes well monitored to ensure adherence to best practice, the evaluation committee sometimes did not always conduct evaluations of the procurements to ensure compliance, stringent mechanisms were not in place to ensure procurement compliance, and some people who adhere to procurement procedures/laws are usually punished while others did not.

Some of these findings are contrary to Emiliani (2000) who emphasized that organization should maintains carefully defined and disciplined processes at every level, from strategic to transactional, across the entire procurement life cycle to enhance procurement compliance. They also contrary to Flynn, Sakakibara, Schroeder, Bates, and Flynn (1990) who emphasized that procurement should seek to establish clearly structured, easily understood, and easily used systems and tools to streamline execution and manage compliance on the part of end-users. In addition, they contrary to Neef (2001) who observed that organizations must design clear procurement processes. To do this, procurement needs to be integrated both at the front end - aiding end-users in developing their sourcing strategies and processes - and at the back end, assessing whether end-users are complying with procurement policies and contract terms. Furthermore, they are contrary to Subramaniam and Shaw (2004) who discussed the issues of increased control in ensuring compliance.

### 5.5. Recommendations

After analyzing the data and giving a comprehensive conclusion, the researcher thinks the following needs to be done to improve in the effect of procurement procedure on the use of donor funded projects

- In respect to strategic procurements and procedures in general, more consultation should be made with the wider community and with other Stakeholders in the procurement system, especially members of the public who was directly affected by the outcomes of the project
- Better trained and managed professional procurement teams are required in order to operate the principles behind the new procurement methods and procedures given the increasing complexity of procurement, and the need to exercise decisiveness in complex circumstances.
- Greater collaboration between procuring entries of public bodies should take place in order to achieve efficiency gains realizable from aggregation. However, aggregation should not be seen as an end in itself. It should be pursued only to the extent that meets the wider goals of procurement.
- The hospital management should ensure that electronic commerce becomes the standard way of doing business by setting strategic targets for the adoption of electronic transactions, including the use of procurement cards. This would reduce on delays and Bureaucracy which was noted for slowing down the rate of acquisition should be minimized if an organization is to reap from the benefits of the procurement methods and procedures.

### 6. Definition of terms

- **Procurement planning:** According to Agaba& Shipman, (2007), procurement planning is the process used by companies or public institutions to plan purchasing activity for a specific period of time. This is commonly completed during the budgeting process. Each year, departments are required to budget for staff, expenses, and purchases.
- **Accountability** is concerned with giving explanations through a credible story of what happened, and a calculation and balancing of competing obligations, including moral ones (Boland &Schultze, 2006). Thus, the term accountability” mainly reflects a blend of ethical responsibility, either moral or professional
- **Procurement skills:** is the ability to negotiate on price, interpreting market intelligence and an ability to negotiate terms and conditions, to competences in electronic procurement and contract management. (Cosco, 2009).
- **Procurement Procedure:** involves the Processes undertaken starting from the time a need is felt or recognized until the receipt and the acceptance and the payment of the materials or services so purchased by the Organization (Graham and Bennet, 2008)
- **Public procurement:** is a business process within a political system and has therefore significant considerations of integrity, accountability, national interests and effectiveness (Nyarra and Flagan, 2010; Stephen and Walker, 2009)
- **Corruption-** means the offering, giving, receiving or soliciting of anything of value to influence the action of a public official in the procurement or disposal process or in contract execution in accordance with the Anti Corruption and Economic Crimes, Act 2003
- **Donor funds-** these are funds given to an institution either in a form of Grant, or Loan to enable the organization carry out an anticipated research (AMPATH Grants Manual 2013)

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