

**SUPPLIER DEVELOPMENT PRACTICES OF DISADVANTAGED  
GROUPS AND PROCUREMENT PERFORMANCE OF COUNTY  
GOVERNMENTS IN WESTERN REGION, KENYA.**

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## DECLARATION

This thesis is my original work and has not been presented for an award of degree in any other University.

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## **DEDICATION**

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## ABSTRACT

County governments of the Western region of Kenya face challenges when dealing with disadvantaged groups with regard to tender awards, contract management and implementation, sourcing, as well as during deliveries. When disadvantaged suppliers are enlightened the county governments cut return outwards costs, late deliveries costs, contract implementation costs and sourcing costs. This in turn enables county governments to set budgets aside for timely and optimum utilization by disadvantaged groups. Despite the implementation of the government directive that 30% of government tenders be allocated to disadvantaged groups, most of the money set aside for the said groups has not been utilized. These have increased costs of delays in projects, increased return outwards, and cancellation of contracts because of dealing with suppliers who have not been developed and lack knowledge of the procurement process and how to work with the county governments on matters of procurement. The aim of this study was to establish the influence of supplier development practices of disadvantaged groups on procurement performance in the county governments of Kenya, Western region. The specific objectives of the study were: To establish the influence of access to financing practices, to determine the influence of capacity building practices, to examine the influence of technical development practices and to assess the influence of access to procurement information and communication practices by disadvantaged groups on procurement performance of county governments in the Western region. The study employed the empowerment theory and the theory of change. The main instrument for data collection was the questionnaire. The target population for the study was 95. Data was analyzed using multiple regression and presented in form of tables and percentages. The findings indicated that access to financial practices, capacity building, technical support, information and communication had a significant negative effect on procurement performance with p values: 0.001, 0.004, 0.000, 0.001 and Beta coefficients -.272, -.146, -.203, and -.177 respectively. The findings of the study may be relevant to policymakers for the purposes of formulating policies and may also be part of existing literature that will be used by researchers and scholars. It was concluded that access to financial practices, capacity building, technical support, information and communication had a significant effect on the procurement performance of county governments in the Western region, of Kenya. From the findings, it was recommended that county governments in Kenya should embrace supplier development practices for disadvantaged groups to enhance innovation and support to the reserved groups.

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## ACRONYMS

<b>AGPO</b>	Access to Government Procurement Opportunities
<b>CIPS</b>	Chartered Institute of Purchasing and Supplies
<b>CTB</b>	Central Tender Board
<b>GNP</b>	Gross National Product
<b>LPO</b>	Local purchase order
<b>LSO</b>	Local service order
<b>MSME</b>	Medium, Small and Micro Enterprises
<b>NACOSTI</b>	National Commission of Science Technology and Innovation
<b>NYES</b>	National Youth Empowerment Strategy
<b>PPARB</b>	Public Procurement Administrative Review Board
<b>PPADR</b>	Public procurement asset and disposal regulations
<b>PPADA</b>	Public Procurement asset and Disposal Act
<b>PPOA</b>	Public Procurement Oversight Authority
<b>PWDs</b>	Persons with Disabilities
<b>UNDP</b>	United Nations Development Programme
<b>WEF</b>	Women Enterprise Development Fund
<b>YEDF</b>	Youth Enterprise Development Fund
<b>AIC</b>	Access to Information and Communication
<b>FP</b>	Financial Practices
<b>CP</b>	Capacity Building practices
<b>TD</b>	Technical Development

## DEFINITION OF KEY TERMS

<b>Procurement</b>	It refers to the acquisition of goods, works and services. (Public Procurement and Asset Disposal Act, 2015)
<b>Procurement performance</b>	It's a way to gauge how effectively the procurement function is able to achieve its goals and aims while spending as little money as possible (Van Weele, 2002)
<b>Disadvantaged groups</b>	Consist of individuals whose rates of involvement and adaptation to social and economic operations are lower than those of other members of the community due to their distinct characteristics, circumstances (financial, socioeconomic, and physiological), genders, or cultural or linguistic heritage, as well as their religious or political condition. (Sallan-Gul & Gumusoglu, 2017).
<b>Supplier development practices</b>	It entails consulting with vendors one-on-one to help them perform better for the advantage of the buying firm. (CIPS, 2013). The buying organization in this case are the county governments of Western Region Kenya.

<b>Financing practices</b>	It is the process of empowering a group of people financially in order for them to do business without any obstacles. The Government of Kenya provides, UWEZO fund, youth fund and PWDS fund to the disadvantaged groups (Ngure & Simba, 2015)
<b>Capacity building practices</b>	The process of imparting knowledge and developing skills while maximizing the advantages of involvement, information sharing, and entrepreneurship is referred to as community empowerment. It places emphasis on the overarching policy framework in which people and institutions function and engage with the outside world (UNDP, 2015).
<b>Technical development practices</b>	It is the knowledge and skills the disadvantaged groups possess on e-tendering process and information and technology application and use and capacity to perform (Ochieng, 2014)
<b>Procurement information and communication practices</b>	It is the number of times or frequency of sensitization programs, ease of accessibility to digital procurement information and communication practices and how frequent company notices and websites are displayed for the disadvantaged groups to access and read (Owiti, 2018)

# CHAPTER 1

## INTRODUCTION

### 1.1 Background of the Study

Procurement performance is an important aspect in the county governments as it potentially impacts the county governments' quality performance, customer responsiveness, product innovation and financial performance of the county (Chen, 2011). The user departments of the county governments assess the value of the procurement function and will always express dissatisfaction when their objectives are not reached. The purchasing department will continuously be required to emphasize productivity gains, reduced costs, and fast delivery in this aspect (Cooper & Gardner, 2013).

Through developing suppliers, the organization's procurement performance is enhanced through enhanced operational performance, and improvement in supplier performance which is a plus to the buying organization through value addition, cost reduction, quality deliveries and effective communication and relation between the procurement function and the suppliers (Ngati & Rebolledo, 2013). Supplier development aims at enhancing organizations' procurement operations (Dalvi & Kant, 2015). Legislative agenda designed to empower the reserved group to access public procurement contracts have been adopted. The economic actions of reserved groups in public contracts are approximately 10% to 30% of the global Gross National Product (GNP) in Europe (United Nations, 2018).

Globally, special groups have participated in development opportunities that were

interested in various international conventions (Bolton, 2016). Knowing the importance of reserved groups in social and economic development, many international organizations that assist special groups have been initiated to foster the involvement of these groups in economic activities. One of the organizations which have been established was the ex-ante application for black humans' commodities in USA 1950s (McCrudden, 2017). Canada also adopted a program for disadvantaged groups in 1995 to enable them to participate in economic activities through taxes exceptions and free transport through Procurement Contract under US Federal Procurement Law (Bolton, 2016). However, as early as 1919, the British government announced plans to use public contracts to encourage the recruitment of former military personnel with disabilities (McCrudden, 2017).

Preference and reservation strategies have been employed in Africa especially in Tanzania, South Africa, Kenya, Uganda and Nigeria to minimize imbalances and to make sure the marginalized groups get a chance to participate in government tenders (McCrudden, 2014). Additionally, strategic procuring was used as a way to improve achieving legislative goals directed toward remediating institutionalized inequity and prejudice. The same concept has been applied to combat joblessness and poverty among those who were formerly disadvantaged by the apartheid government as well as to encourage the establishment of micro-African businesses (Watermeyer, 2010).

According to section 157(5) of the PPADR of 2015 and article 227 of the Kenyan Constitution of 2010, which both address equity, accountability, and equality without discrimination, disadvantaged and marginalized people were permitted to purchase 30% of public services and goods. The AGPO's only objective was to

guarantee that underrepresented groups take an active role in public procurement.



Amongst the advantages of joining the AGPO are the chance to grow economically by doing business with the government, the opportunity to take part in 30% of open procurement, preferential evaluation for municipal purchases (LPOs) and local delivery orders (LSOs), funding from financial firms, and access to government revolving financings like the Youth Fund, Women Fund, and NCPWD funds. Prompt payments (30 days) for AGPO companies supported by legislation and invoice discounting nonetheless only 7.7% out of 30% of tenders were awarded to the disadvantaged groups (AGPO, 2013).

Section 157(17) a, b, c, and d of the PPDA 2015 has highlighted some of the supplier development practices of disadvantaged groups that can be used to help improve the disadvantaged groups in Kenya such as capacity building practices, providing technical advisory, empowering them financially and making sure they readily access procurement information hence need arose to establish the influence of supplier development practices of disadvantaged groups on procurement performance of Western region county governments.

### **1.1.1 Procurement Performance**

Acquisition of any kind of works, assets, services, or items through procurement can be done through purchase, rental, lease, hire buy, licensing, leasing, franchising, or other commercial methods. (Act of 2015 covering property disposition and public procurement). On the other side, performance refers to the efficacy and efficiency in accomplishing the predetermined goals and targets that can be fulfilled by achieving the lowest possible operating cost while preserving effectiveness (Kosgei, 2016).

In contrast to the required 30%, only 1.4% of the budget for the budgetary year 2013/2014 was expended on Access to Government Procurement Opportunities (AGPO), according to an assessment of the Women Enterprise Fund's expenses on special group exposure. A report on AGPO by the national treasury through Hivos East Africa also reveals that only 7.7% of the 30% of bids were accorded to disadvantaged parties.

Base costs, purchasing costs, transportation costs, contract and negotiation costs, and product costs are some of the expenses incurred during the acquisition process. When procurement costs are reduced through supplier development practices of disadvantaged groups, organisations' operations are carried out strictly in accordance with the transaction requirements (Deasy, 2014). Generally, procurement performance is measured against cost level (Mwesigwa & Nondi, 2018). The study adopted cost level to measure procurement performance as its often the primary metric used to measure what procurement teams contribute (Himme, 2012).

### **1.1.2 Supplier Development Practices of Disadvantaged Groups**

Enterprises where the majority of investors are young people, women, or people with disabilities are examples of marginalized groups. Disadvantaged groups are unique in Kenya because they can participate in public procurement with fewer restrictions and can-do business with the government so they can absorb 30% of the money reserved for them. The public procuring entities in Kenya always set aside and reserve tenders amounting to 30% of their budget for these categories of groups.

Supplier development practices have been identified as a purchasing strategy that influences organisational performance.

Supplier development practices entail capacity building, technical development, supplier evaluation access to procurement information and communication practices and opportunities for financing practices (CIPS, 2013). The supplier development practices that were adopted in this study were; capacity building practices, technical development practices, access to Procurement information and communication practices and access to opportunities of financing practices as they relate to the disadvantaged groups according to section 157(7) of (PPADA, 2015).

This research sought to test if capacity-building practices have a role in improving the effectiveness of suppliers in the disadvantaged group. Technical development practices refer to a company's or firm's capacity to get improved technology such as desirable technology, apparatus, and expertise in the field being studied (Waitikwa & Getuno, 2016). Computers create bills, write checks, keep track of inventory movement, and record information about employees and payroll (Ochieng 2014).

Access to Procurement information and communication practices is also a supplier development practice. Good communication in any system enhances order, in this case, good communication in the procurement system enables information dissemination in the right way and through the right channel (Gatere & Shale, 2014). This way majority of the individuals are likely to benefit as the information is relayed in good time and the right way (Owiti, 2018).

Access to opportunities for financing practices is the process of empowering a group of people financially in order for them to do business without any obstacles (Ngure & Simba, 2015). The Government of Kenya provides UWEZO fund, youth fund and PWDS fund to disadvantaged groups.

### **1.1.3 County Governments in Western Region, Kenya**

According to Kenya's 2010 Constitution, the topographical divisions of decentralized administration are its regions (constitution, 2010). The County Governments Act of 2012, Articles 191 and 192, and the fourth schedule of the Kenyan Constitution all outline the authority. There are 47 counties as of the 2013 general elections, whose size and boundaries are based on the 47 officially recognized districts. The western region of Kenya's county governments includes Vihiga, Kakamega, Busia and Bungoma. On 30th June 2018 Bungoma county's overall performance regarding disadvantaged groups was 44.5%, Busia county's 45.7%, Kakamega county's 49.8% and Vihiga county's 29.5% (PPRA annual report, 2018). The data shows the counties performed poorly on the national directive regarding disadvantaged groups.

### **1.2. Statement of the Problem**

Although marginalized people make up roughly 85% of the total population in Kenya, they only provide less than 10% of public participation, which makes it difficult to carry out the president's directive 114 of 2013 that 30% of the government tenders be allocated to the disadvantaged groups (transparency international, 2010). for the 2018–2019 fiscal year, 200 billion (or 30% of government purchases) were designated for young people, women, youth and

people with disabilities yet, the assessment of the women enterprise funds in the 2018–2019 financial year, special group access expenses show that only ksh2.8 billion against a ksh.200 billion allotment was expended, indicating that only 1.4% of the budget was allocated to AGPO. despite the directive of allocating money to women, youth and persons with disabilities more money set aside for them is not utilized leading to increased contract management costs, returns outward costs as well as quality costs arising from uninformed and underdeveloped suppliers. in 2019 the county government of Busia incurred losses of over 30 million when they awarded a construction project to a youth company which did not manage to execute the contract due to lack of capacity and financial resources (Tasha & Nsinbila 2022). in Kakamega county in the financial year 2019 to 2020 1 billion reserved for the disadvantaged groups was not utilized, in Bungoma county 700 million, Vihiga county 600 million and Busia county 850 million respectively (county financial reports 2019-2020). according to a report by the national treasury through hivos east Africa on AGPO (2018), only 7.7% out of 30% of tenders were awarded to disadvantaged groups citing some reasons but not limited to difficulty in accessing finances, lack of understanding of the bidding process, not being able to access procurement information on time and lacking the technical capacity needed to accomplish projects on time. could the above-named supplier development practices be the reason behind the low absorption of government money set aside for disadvantaged groups? it is against this backdrop that the study seeks to research the influence of supplier development practices on the procurement performance of western region county governments. the purpose of the study is to analyze the

relationship between supplier development practices of disadvantaged groups and the procurement performance of western region county governments.

### **1.3. Objectives**

#### **1.3.1. Main Objective**

The general objective of the study was to establish the influence of supplier development practices of disadvantaged groups on the procurement performance of county governments in the Western region of Kenya.

#### **1.3.1. Specific Objectives**

- i. To establish the influence of access to opportunities of financing practices by disadvantaged groups on the procurement performance of county governments in Western region.
- ii. To determine the influence of capacity-building practices of disadvantaged groups on the procurement performance of county governments in Western region.
- iii. To examine the influence of technical development practices of disadvantaged groups on the procurement performance of county governments in Western region.
- iv. To assess the influence of access to procurement information and communication practices of disadvantaged groups on the procurement performance of county governments in Western region.

#### **1.4. Research Hypothesis**

**H01:** Access to opportunities for financing practices by disadvantaged groups has no significant effect on procurement performance of county governments in Western region.

**H02:** Capacity-building practices of disadvantaged groups have no significant effect on procurement performance of county governments in Western region.

**H03:** Technical development practices of disadvantaged groups have no significant effect on procurement performance of county governments in Western region.

**H04:** Access to procurement information and communication practices by disadvantaged groups has no significant effect on procurement performance of county governments in Western region.

#### **1.5. Justification of the Study**

This study may be used by different stakeholders namely researchers, scholars, development partners, and the government of Kenya.

##### **1.5.1 Researchers**

The study may be used to form literature for future researchers to identify further areas of study and extraction of research gaps.

##### **1.5.2 Development Partners**

The study may assist in planning for the implementation of other empowerment programs by cutting on risks and overcoming challenges during implementation by focusing on areas that will present problems.

### **1.5.3 The Government of Kenya**

The study may be of benefit to all government procuring entities in general as it can inform on the best practices to sustain the program and make it successful. Legislators may benefit in policy formulation governing youth and women empowerment projects and establish effective systems of controlling and monitoring the said projects in the country.

### **1.6. Scope of the Study**

The study focused on the supplier development practices of disadvantaged groups and their influence on procurement performance in the Western region counties of the former western province Kenya that is; Kakamega, Vihiga, Bungoma, and Busia for the year 2021. Western region counties were considered for the study because according to a report by Infotrac (2020), the region has a high population of nearly 4.5 million. The region is also representative of other provinces and findings can be replicated. The research took three months. The target population was procurement staff from the four Western region counties.



## **CHAPTER 2**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

The chapter covered both the theoretical and conceptual reviews of literature that was relevant to the study objectives. Specifically, the chapter looked at the theoretical review, empirical review, conceptual framework, critique of the reviewed literature, research gaps, and the summary of reviewed literature. The chapter discussed the theories used and their importance to the study. The study also reviewed the literature and identified different gaps that were later summarized in a table format.

#### **2.2 Theoretical Review**

The study adopted the empowerment theory and theory of change.

##### **2.2.1 Empowerment Theory**

The origins of the empowerment theory go back deeper in time and are associated with Marxist sociology theory. Julian Rappaport, a social scientist, created the empowerment theory in 1981. By removing societal barriers like social inequality, isolation, and prejudice that prevent people from obtaining resources, empowerment enables people to have more influence over their life. It entails the creation of large-scale, coordinated groups for lobbying and awareness-raising to achieve desired results. Kluska, Laschinger, and Kerr (2004) contend that transformational leadership gives members greater possibilities for learning and growth.

The theory was relevant to the study since it informed the benefits associated with having an organizational culture that empowers people to act rationally for the good of the community and the society they live. The theory shows how different groups of people can be empowered in the society financially, capacitated through trainings and improvement in technology and can also understand the environment they live in through display of information on notices, websites and emails. Through empowerment the different groups can depend on themselves and stand on their own without depending on others.

### **2.2.2 Theory of Change**

The three-step paradigm for the change process was created by Kurt Lewin, who is regarded as the father of social psychology (Lewin, 1958). There are three stages to his idea. Recognizing a desire for various motives of the phase, which then involves starting to evaluate the present situation and make decisions for the future. The reactivating period is at hand. The transition step is the second stage. The true execution stage, which consists of both organizational structure and behavioral components, is now underway. He refers to this stage as changing. Refreezing is Lewin's third phase. Since it is primarily a steady, thoroughly thought-out process, neither individuals nor organizations jump into the next stage.

Before you cook a meal that has been frozen, you must defrost or thaw it out so it becomes soft. The same can be applied to change. Before a change can be implemented, it must go through the first step of unfreezing. Because a lot of people will naturally resist change, the goal during the unfreezing time is to create awareness of how current level of acceptability or the status quo, is hindering the organization in

some way. Old behaviors, processes, ways of thinking, organizational structures and people must be carefully examined to show employees the necessity of a change for the organization to maintain or create a competitive advantage in the marketplace. Communication is very important during the unfreezing stage so that employees can become aware of the imminent change, the logic behind it and how it will benefit each and every employee. The goal is that the more the change is known and the more we feel it is necessary and urgent, the more motivated we are to accept the change.

Now that the employees are 'unfrozen' they can start to walk. Lewin discovered that change is a process where possible the organization should move or transition into the new state of being. This changing step, also known as 'moving,' or 'transitioning' is highlighted by the implementation of the change. This is at the stage the change becomes real. It's also, consequently, the time that most employees hustle with the new reality. It is a season highlighted with fear and uncertainty, making it the most difficult phase to overcome. During the changing phase employees start to cope up with the acquired processes, ways and behaviors of thinking. The more ready they are for this phase, the quickest it is to finish. For this reason, communication, education time and support are very key for employees as they are familiar with the change. Again, change is a process that should be carefully executed and planned. Through this process, employees must be made aware of the purpose for the change and how it will be of importance to them once fully implemented.

Lewin referred to the last phase of his change model freezing, but many call it refreezing to show the act of stabilizing, reinforcing and solidifying the new state after the change. The changes made to institutions goals, processes, offerings, structure or

employee are refrozen and accepted as the status quo or new norm. Lewin identified the refreezing phase to be especially important to make sure that employees do not go back to norm of doing or thinking prior to the implementation of the change. Efforts should be put in place to make sure the change is not forgotten or lost; rather, it should be cemented into the institutions culture and maintained as the acceptable way of doing or thinking. Positive acknowledgment and reward of personalized efforts are often used to reinforce the new outlook because it is assumed that behavior that is positively reinforced will likely be repeated.

Some people argue that the refreezing phase is outdated in the contemporary business because of the continuous need for change. They see it unnecessary to take time freezing a new phase when possibilities are it will require reevaluation and possibly substituted again in the recent future. However, without the refreezing phase, there is a likelihood that people will go back to the old system of working. Taking one step ahead and two steps backwards can be a common subject matter when institutions fail to notice the refreezing step in expectation of upcoming change.

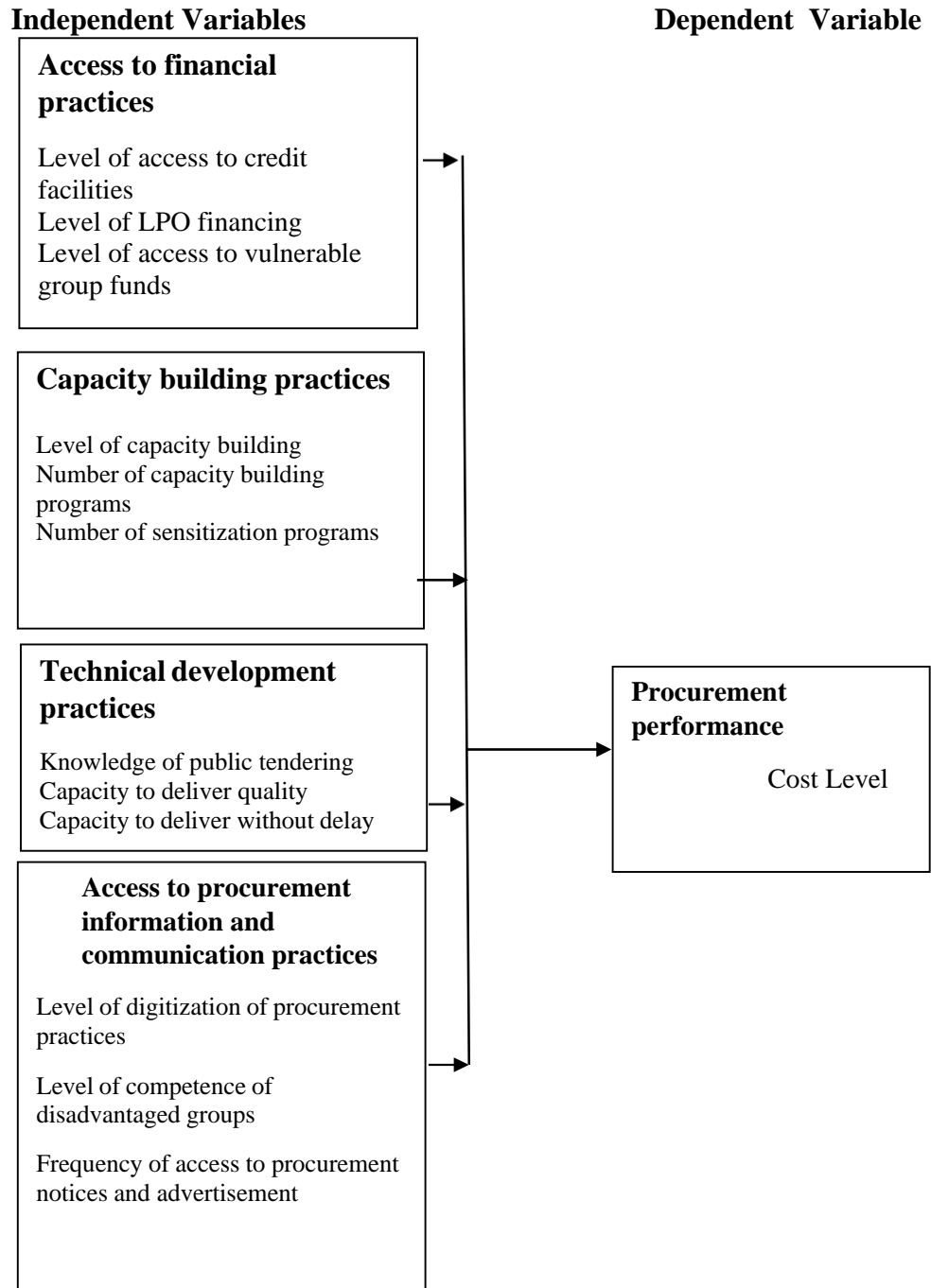
According to our perspective, many errors or unsuccessful ideas come about because the organizers and coordinators are excited, however, their enthusiasm is not shared by other members of the organization who must alter long-established procedures. Clinical leaders can play a crucial role in assisting healthcare professionals to adapt to the changes (Shea & Belden, 2016). According to Drolet and Lorenzi (2011), the transition process is a "black box" in which proactive conversation and choice for the following phase remain hazy, but these actions nonetheless serve as a crucial link to the following phase. The theory was relevant

to the study as the stakeholders in the procurement process are supposed to understand the change process so that when implementing supplier development

practices of disadvantaged groups, they should be effective and involve every stakeholder so that the practices are adopted generously by all.

### **2.3 Conceptual Framework**

The conceptual framework was defined by the financing of disadvantaged groups, capacity-building practices of disadvantaged groups, access to procurement information and communication practices and technical development practices of disadvantaged groups as the independent variables and procurement performance as the dependent variable. Figure 2.1 depicts the relationship between supplier development practices of disadvantaged groups which is the independent variable and procurement performance which is the dependent variable.



**Figure 2. 1: Conceptual Framework**

**Source: Researcher, 2021**

### **2.3.1 Procurement performance**

Procurement is the acquisition of services, works or assets of any kind done through lease, purchase, hire, buy, franchising or any other commercial method (PPADA, 2015). Performance on the other side refers to the efficiency and efficacy in finishing the set targets and goals through the lowest operating cost while not tampering with effectiveness (Kosgei, 2016). Procurement performance means the efficiency and effectiveness in the acquiring of services and goods measured through cost level (Chen, 2011).

Most of the procurement costs associated with the reserved group in the long run always affect the procurement performance in the organization. When money set aside for a specific project which is reserved for a disadvantaged group is not utilized because maybe during the tendering process all the reserved groups who tendered did not qualify because they did not meet the technical and mandatory requirements or the awarded winner vacated the site due to not having the capacity to deliver, the organization incurs return outwards costs, quality costs and tendering costs (Deasy, 2014)

Purchasing costs, transportation costs, negotiation and contract costs are part of the expenses accrued during the procurement process. When costs arising from the acquisition are cut down through development practices of disadvantaged group entities, activities are run strictly according to the transaction requirement (Deasy, 2014).

### **2.3.2 Supplier development practices of disadvantaged groups**

Most public entities are trying to be proactive by putting in place development



practices in place to help access most of the targeted people. Supplier development activities include technical development, capacity building practices, access to procurement and communication practices and access to financial opportunities practices (CIPS, 2013). The practices help suppliers to enhance the different skills, capacity, knowledge and knowhow.

The practices were introduced by the National government to help the reserved groups compete well with other established suppliers during the tendering process so that they don't be at a disadvantaged state. Most of the disadvantaged suppliers have tried to tender but have always been unsuccessful because of the different challenges they face (CIPS, 2013).

Companies where the most of investors are young people, people with disabilities or women are examples of marginalized groups. Disadvantaged people are unique in Kenya because they can take part in public procurement with fewer or no restrictions and they can-do business with the government in order to absorb the thirty percent of the funds reserved for them. The public entities in Kenya always set aside tenders amounting to thirty percent of their budget for the said categories of groups. Supplier development practices have been pointed out as a purchasing strategy that impacts organization performance.

This research sought to find out if capacity building practices takes part in improving the effectiveness and efficiency of suppliers that belong to the disadvantaged groups. Technical development practices refers to a firm's capacity to get acquire and own improved technology eg desirable technology, modern sophisticated equipment and

expertise in the area being studied (Waitikwa & Getuno, 2016). For instance, computers write checks, create bills, record information about employees and payroll and keep track of inventory (Ochieng 2014).

Access to Procurement information and communication practices is another supplier development practice. Good quality communication in any system and organization enhances order and reduces time wastages, in this case, good communication in the procurement system enables information to be displayed in the right way as well as through the right channel (Gatere & Shale, 2014). This way most of the people are likely to benefit as the information is relayed in good time and the right channels (Owiti, 2018).

Access to opportunities of financing practices is how a group of people is empowered financially in order for them to do business without any hindrance (Ngure & Simba, 2015). The Government of Kenya provides youth fund, UWEZO fund and PWDS fund to the disadvantaged groups.

### **2.3.2.1 Access to financial practices**

According to the KNBS survey basic report on Medium, Small and Micro Enterprises (MSME) of 2016, funding is one of the major constraints of the medium, small and micro enterprises. The enterprises cite a lack of collateral for credit, high taxes and high license fees, and very expensive loans as some of the challenges.

Several Youth Financing Models and Entrepreneurship financing models exist in Kenya. The Youth Enterprise Development Fund (YEDF) was established by the Government in 2006 to provide loans for on-lending to youth enterprises. It also aims at promoting youth entrepreneurship and facilitating youth employment abroad. The Women Enterprise Development Fund (WEF) was established in 2007 to provide women with access to alternative financial services. UWEZO Fund was launched in 2013 to provide youth and women access to grants and interest-free loans. It also provides mentorship opportunities to enable the youth and women to take full advantage of the 30 per cent government procurement preference for youth, women and persons with disability. The UWEZO Fund also seeks to promote gainful self-employment among the youth and women and to model an alternative framework for financing community-driven development.

Invoice discounting and LPO financing can be done by the financial institutions through partnership with the relevant county governments and good long-term relationship with the said county governments which in the long run creates good reputation between the two organizations (Kosgei, 2016).

### **2.3.2.2 Capacity Building practices**

Capacity building is the acquiring of skills and knowledge that allows personnel to

learn and re-learn. It also makes an avenue for old information to be reinforced (Long, Kowang, Chin & Hee, 2016). Capacity building in an organization can be helpful to employees in order to help them modify their practice so as to conform to new rules that mandate the profession (Swaminathan & Shankar, 2011).

Capacity building entails developing training modules, by conducting training programmes directly or through other agencies and promoting professional development. Modules can be prepared on various aspects of the law and good practice and most procurement practitioners and some other stakeholders, including suppliers can be made familiar with the procedures to be followed and the purposes they serve through capacity building.

### **2.3.2.3 Technical development practices**

Modern supply chains are characterized by their geographic disparity, high complexity, dynamism and uncertainty. Supply chains are expanding and typically span borders, cultures, languages, regulations and continents. The globalized nature of competition combines with increasing customer demands and forces firms to evaluate how they can benefit from emerging information technologies. Many firms are in a constant review process to find better methods to manage their supplychain data and information to gain a competitive advantage. The rapidadvancements in digital technologies are reshaping supply chains and are poised totransform how the procurement function delivers value. Technical development practices refer to a firm's capability to have improved technology, expertise and apparatus (Waitikwa & Getuno, 2016).

### **2.3.2.4 Access to procurement information and communication practices.**

Good communication in any system enhances order, in this case, good communication in the procurement system enables information to be delivered in the right way and through the right channel. This way majority of the individuals are likely to benefit as the information is relayed in good time and the right way.

As stated, digitization has brought many possibilities for collecting information on a digital platform which can be accessed, shared and processed in a visible manner with all supply chain partners. This creates a new operating model which is real-time and has ‘many-to-many communications capabilities. It makes it possible to rapidly create networks which incorporate the entire production processes and integrate ICT systems at different stages of the business planning process, including inbound procurement and outbound procurement. With the evolution of information technologies, firms are being forced to innovate in order to mitigate procurement risks and ensure efficiency. This implies that new emerging technologies have to be deployed to support and streamline the interactions between firms and their suppliers.

## **2.4 Empirical Literature Review**

This section reviewed the relevant literature on Access to opportunities of financing practices by disadvantaged groups, capacity building practices of disadvantaged groups, technical development practices of disadvantaged groups, and access to procurement information and communication practices by disadvantaged groups) to establish the research gaps for this study. The gaps were summarized in the table format.

### **2.4.1 Access to Opportunities of Financing Practices and Procurement**

#### **Performance**

A study was done on the influence of AGPO on tendering participation by women in Nakuru County (Korir & Wanambiro, 2017). A cross-sectional research design was adopted ON a target population of 297 women. From the analysis, it was

recorded that access to finance had a significant negative effect on procurement performance.

Ngure and Simba (2015) studied factors affecting AGPO for disadvantaged groups in public entities the case of Kenya Ports Authority, the study employed a cross-sectional research design on a target population of 300. From the analysis, it was evident that supplier development practices had a significant negative effect on procurement performance.

Kimando, Njogu, and Kihoro (2012) carried out research on elements influencing the success of Youth Enterprise Development Funded Projects in Kenya. The target population of the study was composed of 45 participants. A purposive sampling method was used, and findings recorded that access to financial opportunities has a significant positive effect on the procurement performance of Murang'a County.

A study on the availability of sources of finance as a significant barrier to youth enterprises' accessibility to the urban tendering process in the public ministries in Ol Kalou Sub County was carried out by (Kamau, Wanyoike & Mwangi, 2014). A target population of 25 youth-owned enterprises was used. The findings indicated that access to credit facilities had an insignificant positive effect on procurement performance.

At Moi Teaching and Referral Hospital, Ombane, Iravo, and Kibet (2017) conducted a study on the examination of the elements affecting the efficiency of the preference and reservation policies amongst disabled people. The study focused on 599

respondents. Findings indicated that access to financing opportunities had a significant negative effect on procurement performance.

At Kenya Ports Authority, Chepkangor and Lubale did a study on factors influencing government procurement opportunities for disadvantaged groups in Public Institutions. The study focused on 80 registered suppliers of the Kenya Ports Authority. On financial capacity, the results showed that all banks are ready to facilitate financial assistance in terms of loan or any other help towards fulfilling their financial needs to deliver goods, works and Services as per contracts awarded by Kenya Ports Authority to the special group that is persons with disability, youth and women.

An empirical review on Arunga and Nyang'au (2019) from a research analysis showing the application of the reservation and preference directive on way out for public contracts in Kenya, a case of the Central Bank of Kenya depicts that the capacity of suppliers greatly contributes to the rise in the ratio of contracts given to the people below eighteen years of age, women and people with disability which showed that access to sources of funding had a significant positive effect on procurement performance of the organization.

#### **2.4.2 Capacity Building Practices and Procurement Performance**

An empirical study by Arunga and Nyang'au (2019) on the factors determining the Kenyan Central Bank's (CBK) execution of the preference and reservation directive on public procurement opportunities that utilized stratified arbitrary inspecting, Findings showed that capacity building practices had a significant effect on procurement performance.



Ngure and Simba (2015) investigated factors affecting AGPO for disadvantaged groups in public entities in Kenya. The study employed a cross-sectional research design where the target population for the study was 300. The study findings indicated that supplier development practices had a significant negative effect on procurement performance.

Chepkangor and Lubale did a study at the Kenya Ports Authority on factors influencing government procurement opportunities for disadvantaged groups in Public Institutions. The study used 80 registered suppliers of the Kenya Ports Authority. On capacity building practices the results displayed that all the stakeholders involved were ready to train and capacity build the special interest groups in the organization. The capacity building practices had an effect on procurement performance of the Kenya Ports Authority special group that is persons with disability, women and people below thirty-five years of age.

Ombane, Iravo, and Kibet (2017) did an analysis of the factors affecting the performance of the preference and reservation policy at Moi Teaching and Referral Hospital, Kenya. The results of the findings indicated that capacity building had a significant positive effect on procurement performance.

Research on the availability of opportunities of funding as a significant hindrance to youth firms' accessibility to urban tendering process in the public organizations in Ol Kalou Sub County was done by (Kamau, Wanyoike & Mwangi, 2014). A study population of 25 youth-owned firms was used. The findings indicated capacity building practices had a positive effect on procurement performance.

### **2.4.3 Technical Development Practices and Procurement Performance**

An empirical review on Arunga and Nyang'au (2019) According to a research analysis impacting the application of the preference and reservation directive on possibilities for public contracts in Kenya, a case regarding the Central Bank of Kenya demonstrates that the capacity of suppliers significantly contributes to the

rise in the proportion of contracts given to young people, women, and disabled persons. Hence there was a significant negative effect of technical development on procurement performance.

Gatere and Shale (2014) looked at the barriers to the implementation of special interest groups' access to government procurement opportunities in Nairobi County. On the 500 procurement personnel who was the study's target demographic, a cross-sectional research approach was used. Results showed that the performance of procurement was significantly improved.

Waitikwa and Getuno (2016) examined factors that Kenyan youth can use to acquire possibilities for public procurement. The study used a descriptive research design on the target population of 302 employees from the judiciary. Findings recorded that technical development had a significant negative effect on procurement performance.

Chepkangor and Lubale (2016) conducted a detailed study on the factors influencing government procurement opportunities for disadvantaged groups in public entities using the Kenya Port Authority as a case study. The results of the study showed that lack of technical know-how negatively affected the participation of special groups in government procurement opportunities in public organizations in Kenya.

Ombane, Iravo, and Kibet (2017) did a survey on the factors affecting the performance of the preference and reservation policy at Moi Teaching and Referral Hospital, Kenya. The findings showed that technical development practices that is knowledge of public tendering, procurement knowledge and skills needed during the tendering process had a positive effect on procurement performance at the

Teaching and Referral Hospital.

#### **2.4.4 Access to Procurement Information and Communication Practices and Procurement Performance**

A study carried out on the execution of preferential access to public government contracts was the subject of Gatere and Shale (2014). 500 procurement staff were the population sample, and both primary and secondary data were used. The results showed that procurement information and communication practices had a negligible positive impact on supplier performance.

Ngure and Simba (2015) researched factors affecting AGPO for disadvantaged groups in the public entities a case of Kenya Ports Authority. The study used cross-sectional research on 300 participants. Hence the findings showed that access to procurement information had a significant effect on procurement performance. An empirical review of Arunga and Nyang'au (2019) on a study about factors affecting the implementation of AGPO, a case of the central bank of Kenya, found that access to information and communication had a significant negative effect on procurement performance.

Tesha and Nsimbila (2022) conducted research on the key determinants influencing special groups' participation in government procurement opportunities in Tanzania. The study involved a mixed research approach involving both qualitative and quantitative method. The Snowball sampling technique was used to select 100 respondents as a sample size, of these, 94 responded to the questionnaire and data was collected through questionnaires and an interviews guide. The result showed that information factor had significant negative effects on the special groups' involvement in the government procurement opportunity.

Waitikwa and Getuno (2016) researched on factors that Kenyan youth uses to acquire opportunities for public procurement. The study used a descriptive research design and the target population was 302 employees from the judiciary. Findings recorded that access to procurement information had a significant negative effect on procurement performance.

## 2.5 Critique and Research Gaps

**Table 2. 1: Critique and Research Gaps**

<b>Authors and study context</b>	<b>Study Purpose</b>	<b>Key Findings</b>	<b>Research Gap</b>	<b>How the current study seeks to fill the gaps</b>
<b>Access to opportunities of financing practices by disadvantaged groups</b>				
Korir and Wanambiro (2017)	Influence of access to Government procurement opportunities on tendering participation by women in Nakuru county	Positive significant relationship existed	The study concluded all categories of disadvantaged groups; youth, women and persons with disability.	This study dealt with level of access to credit facilities, availability level of LPO financing and accessibility Level of vulnerable group funds.
Ngure and Simba (2015)	Factors affecting AGPO for Disadvantaged groups in the public entities the case of Kenya Ports Authority	There was a negative significant relationship between the variables	The study was carried out in county governments in Western region, Kenya	This study dealt with level of access to credit facilities, availability level of LPO financing and accessibility Level of vulnerable group funds.
Kamau, Wanyoike, and Mwangi (2014)	The access of credit facilities as a major factor hindering access to public procurement contracts by youth entrepreneurs in the government ministries	Negative insignificant relationship	The current study included all the disadvantaged suppliers in four western region counties, Kenya	This study dealt with level of access to credit facilities, availability level of LPO financing and accessibility Level of vulnerable group funds.
Kimando, Njogu, and Kihoro (2012)	Factors Affecting the Success of Youth Enterprise Development Funded Projects in Kenya	Insignificant positive effect	The current study included all the three categories of disadvantaged suppliers in the four counties.	This study dealt with level of access to credit facilities, availability level of LPO financing and accessibility Level of vulnerable group funds.
Ombane, Iravo, and Kibet (2017)	Analysis of the elements affecting procurement performance of AGPO in Moi referral hospital	Significant positive influence on dependent variable	The current study included all the three categories of disadvantaged suppliers in four counties.	This study dealt with level of access to credit facilities, availability level of LPO financing and accessibility Level of vulnerable group funds.
<b>Capacity building practices of disadvantaged groups</b>				

Arunga and Nyang'au (2019)	Factors influencing execution of AGPO in central bank of Kenya	Positive effect was recorded	The study was carried out in county governments in Western region, Kenya	This concentrated on level of capacity building, number of capacity building programs and number of sensitization programs.
mbane, Iravo, and Kibet (2017)	Factors affecting the performance of reserved policy in Moi Teaching and Referral Hospital,	Significant negative influence	The current study included all three categories of disadvantaged suppliers in the four western region counties of Kenya.	This study concentrated on level of capacity building, number of capacity building programs and number of sensitization programs.
Ngure and Simba (2015)	Factors affecting AGPO in Kenya Ports Authority	Positive significant relationship was recorded	The current study was carried out in the county governments of Kenya Western region.	This study concentrated on level of capacity building, number of capacity building programs and number of sensitization programs.

#### **Technical development practices of disadvantaged groups**

Gatere and Shale (2014)	Challenges that affect AGPO groups in Nairobi County	Insignificant negative effect	The current study focused on western region county governments.	This study concentrated on knowledge of public tendering process, capacity to deliver quality and capacity to deliver without delays
Arunga and Nyang'au (2019)	Factors affecting AGPO implementation of central bank of Kenya	Significant positive effect	The current study was carried out in County governments and it used descriptive research design.	This study concentrated on knowledge of public tendering process, capacity to deliver quality and capacity to deliver without delays
Waitikwa and Getuno (2016)	Prerequisites for youth access to government contract in judiciary, Kenya	Negative Effect	The current study focused on all the three categories of disadvantaged groups	This study concentrated on knowledge of public tendering process, capacity to deliver quality and capacity to deliver without delays

#### **Access to procurement information and communication practices by disadvantaged groups**

Ngure and Simba (2015)	Factors affecting AGPO for disadvantaged groups in the public entities in Kenya	Positive significant effect.	The current study was conducted in the county governments of Kenya western region.	This study dealt with levels of digitization of procurement information and communication practices, ICT Competence levels of disadvantaged groups and frequency of access procurement notices and website advertisements.
Gatere and Shale (2014)	The implementation of preferential access to public procurement opportunities	Negative Significant influence	The current study focused on the Western region of Kenya county governments	This study dealt with levels of digitization of procurement information and communication practices, ICT Competence levels of disadvantaged groups and frequency of access procurement notices and website advertisement.
Arunga and Nyang'au (2019)	Factors affecting the implementation of supplier development in central bank of Kenya	Negative insignificant impact on procurement performance	The current study employed cross sectional research design and it was carried out in the county governments	This study was narrowed to levels of digitization of procurement information and communication practices, ICT Competence levels of disadvantaged groups and frequency of access procurement notices and website advertisement.

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## **CHAPTER 3**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter discussed the research philosophy, research design, target population, sample frame, data collection instruments, sampling technique, data collection procedure, and data processing and analysis.

#### **3.2 Research Philosophy**

The philosophy of positivism served as the study's guidance. Positivism was suitable for this study since the data collected was both quantitative and qualitative. This was used to show the relationship between the supplier development practices of marginalized groups and procurement performance. Positivism was acceptable for this study. As a result, the occurrences being observed help to provide accurate data (Leitch, Hill & Harison, 2010). Positivism justifies employing statistical methods to test hypotheses and evaluate research data obtained through quantitative research methods (Creswell, 2010). Researchers that use quantitative techniques and methodologies, such as positivists, must quantify and count their findings. Positivists contend that reality is stable and so amenable to observation from a distance. They add that discoveries can be repeated and that a phenomenon can be extracted. In order to discover patterns and establish connections between the various aspects of the social world, this includes changing the independent variable and manipulating facts. (Wilfred, 2006).

### 3.3 Research Design

A cross-sectional research design was used since it was a one-time study According to Kothari (2008), the research design is the conceptual framework for any study, serving as the manual for the collection of data, measurement, and analysis. The research design is relevant in measuring the relationship between variables of the study and it brought out a clear perspective and understanding of the influence of supplier development practices of disadvantaged groups on the procurement performance of county governments in Western region.

### 3.4 Target Population

The study used 95 procurement staff from the four selected counties in the western region; Kakamega, Bungoma, Busia, and Vihiga. The respondents were considered because they were informative on procurement information and communication practices. According to Kothari, (2007) the target population is a combination of all items from which a sample is extracted.

**Table 3. 1: Target Population**

<b>County</b>	<b>Procurement Department Staff</b>	<b>Percentage (%)</b>
<b>Kakamega</b>	28	29.47
<b>Bungoma</b>	25	26.32
<b>Busia</b>	22	23.16
<b>Vihiga</b>	20	21.05
<b>Total</b>	<b>95</b>	<b>100</b>

**Source:** Human Resource Register from the county governments of Vihiga, Kakamega, Busia and Bungoma.

### **3.5 Sample and Sampling Technique**

Census sampling technique was used since the population was 95 respondents and the population would not be divided further. A sample is a collection of a case that represents a subset of the intended audience, which the researchers thoroughly choose for examination to ascertain information about that audience. Mugenda and Mugenda, (2003) support the use of a census by asserting that a census can be used if the study population is less than 100 to reduce sampling error.

### **3.6. Data Collection Instruments**

Collection of primary data was done through the use of questionnaires. Secondary data was obtained through the analysis of financial statements and budgets of the county governments. Questionnaires were deemed suitable for the study since they can be collected and coded into the Statistical package for social sciences for analysis (Kothari, 2007).

### **3.7 Data Collection Procedure**

Structured questionnaires which were hand-delivered to the four counties were used to collect primary data from respondents. An introduction letter was given to respondents assuring them of their confidentiality. Individuals participating in the survey were not allowed to indicate their names nor their positions in the respective county governments for confidentiality purposes. Reminder messages were sent to all the respondents to increase the response rate and ensure the questionnaires are filled on time.

### **3.8 Reliability**

By using Cronbach's Alpha to check if participants' replies were consistent, the reliability of the research tools was assessed. As dependability refers to the

uniformity among a testing instrument's components, reliability testing is essential.

The degree to which an event can be measured produces consistent and reliable

findings is what reliability refers to. According to Korb (2016), a tool is considered reliable if its calculated reliability index is higher than 0.6.

### **3.9 Pilot Study**

A pilot study is a small-scale preliminary study before the main study in order to measure the validity and reliability of data collection instruments (Kothari, 2008).

In this study, a pilot was conducted on 10 procurement department staff of the County government of Trans Nzoia. Cooper and Schindler (2014) argue that as a rule of thumb 10% of the sample can constitute the pilot study.

### **3.10 Validity**

Validation of the instrument was done to ensure that all the data collection tools are based on the study objectives. Both construct and content validity were carried out. KMO and Bartlett's Test for validity were carried out to determine whether factor analysis was to be done. (Jeffrey, 2011).

### 3.11 Measurement of Variables

Table 3.2 shows the measurement of variables.

**Table 3. 2: Qualitative Measurement of Variables.**

<b>Variable Name</b>	<b>Measurement Tool</b>	<b>Questionnaire Item</b>
Access to opportunities of financing practices by disadvantaged groups	5-point Likert scale,	Section B
Capacity Building Practices of Disadvantaged Groups	5 Point Likert Scale,	Section C
Technical development practices of disadvantaged groups	5-point Likert scale	Section D
Access to procurement information and communication practices by disadvantaged groups	5-point Likert scale.	Section E
Procurement performance	Secondary data from the four counties	Document Review guide

### 3.12 Data Processing, Analysis and Presentation

To validate, analyze, integrate, combine, and obtain data into the proper output for later use, data processing entails a number of operations or stages. Data analysis refers to procedures and techniques used on data to identify patterns, characterize facts, create hypotheses, and test them. The Statistical Package for Social Sciences was used to code the acquired data and feed it into the computer to be analyzed (SPSS). Tables of frequency distributions and percentages were used to present the findings. The level of association between the study's variables was examined using the multiple linear regression model.

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon \dots \dots \dots \text{model (3.1)}$$

**Where:**

$Y$  = Procurement Performance

$\alpha$  = Constant Term

$\varepsilon$  = error term

$\beta_i, i = 1, 2, 3, 4$  = Beta coefficients

$X_1$  = Access to opportunities of financing practices by disadvantaged groups

$X_2$  = Capacity building practices of disadvantaged groups

$X_3$  = Technical development practices of disadvantaged groups

$X_4$  = Access to procurement information and communication practices by disadvantaged groups.

**3.12.1 Diagnostic Tests**

**3.12.2 Normality Tests**

A normality test is run on a set of data to determine whether the sample was extracted from a population with a regular distribution. The normality of data was tested through Shapiro Wilk test where p value greater than 0.05 is accepted while 0.05 the null hypothesis is rejected

### **3.12.3 Auto Correlation Test**

Autocorrelation is the degree of correlation between the same variables over two successive time intervals. Autocorrelation was tested using Durbin Watson statistics where a value of 2 or less indicates positive autocorrelation, while a value of 2 or more indicates negative autocorrelation. Values of 2 nevertheless show no autocorrelation

### **3.12. 4 Multicollinearity Test**

Multicollinearity describes a situation in which the independent variables are interrelated. The Variance Inflation Factor (VIF) was also used in the study to gauge the model's degree of multicollinearity where  $VIF > 10$  indicates the variables are highly correlated

### **3.12.5 Heteroscedasticity**

Test refers to data that deviates from the assumption. Finally, heteroscedasticity was tested using Breusch Pagan Test where values below 0.05 indicated existence of homoscedasticity.

## **3.13 Ethical Consideration**

To engage in the study, each individual had to sign a consent form. Respondents' rights and personal integrity were safeguarded and the data collected was protected and treated with confidentiality. The respondents were given an introduction letter that assured them of their confidentiality. A research permit was issued by National Commission for Science Technology and Innovation (NACOSTI).



## CHAPTER 4

### RESEARCH FINDINGS AND RESULTS

#### 4.1 Introduction

This chapter discussed the study findings and analysis as per the specific objectives.

#### 4.2 Reliability

As shown in Table 4.1, all the variables from the pilot findings were trustworthy with Alpha values of 0.7. These results are in tandem with Kothari (2014) who recommended that an Alpha value  $> 0.7$  is suitable for the generalization of results to a larger population.

**Table 4. 1: Reliability**

Construct	Number of Items	Cronbach Alpha
Financing Practices	8	0.700
Capacity Building Practices	6	0.861
Technical Development Practices	6	0.742
Access to Information	6	0.809
Procurement Performance	6	0.753

#### 4.3 Validity

Table 4.2 shows KMO and Bartlett's tests for validity Kaiser – Mayor –Olkin' and Bartlett's Tests were used to identify whether factor analysis was to be conducted for the concept under measurement.

**Table 4. 2: Validity**

		Items	AVE	Squared Correlations	KMO	Bartlett's Test		
						$\chi^2$	Df	P-value
Financing Practices		8	0.561	0.420	0.751	90.321	25	0.000
Capacity Practices	Building	6	0.529	0.182	0.720	66.054	25	0.000
Technical Development Practices		6	0.637	0.317	0.872	89.329	25	0.000
Access to Information		6	0.518	0.516	0.926	95.006	25	0.000
Procurement Performance		6	0.681	0.219	0.721	58.310	25	0.000

For KMO test values under 0.5 are not accepted as for data to be suitable for factor analysis the values have to be greater than 0.5. Bartlett's test was used along with KMO test to determine whether data is distributed normally. KMO values were greater than 0.5 leading to a recommendation for factor analysis.  $\chi^2$  is the chi-square values, DF is the degree of freedom corresponding with the P values. The Bartlett's values had significance values that were not greater than 0.05 hence were significant at 95% confidence level. Thus, data from the pilot test was adequate for factor analysis.

#### 4.2.3 Response Rate

In the study 95 questionnaires were filled and returned. The response rate was 100% as shown in Table 4.3. A response rate of 70% and above is suitable for the conclusion of the findings to a large population (Mugenda and Mugenda, 2012)

**Table 4. 3: Response Rate**

<b>Item</b>	<b>Total</b>	<b>Percentage</b>
<b>Returned Questionnaires</b>	95	100%

### **4.3 Descriptive Statistics**

This section comprises descriptive statistics obtained from questionnaires that were sent to county governments in Western region.

#### **4.4.1 General Information**

##### **4.4.1.1 Duration Worked with the Organization**

As recorded in Table 4.4 18 (18.9%) respondents recorded that had worked in county government for more than 18 years, 35 (36.8%) between 8 to 10 years, 28 (29.5%) indicated 2 to 5 years while 14 (14.7%) had worked for less than one years. From the findings, most of the respondents 35 (36%) had worked with the organization for 5- 10 years. It was clear that the selected counties had competent staff that had worked for the organization for a long time and were aware of the preference and reservation directives.

**Table 4. 4: Duration worked in the organization**

<b>Response</b>	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Percent</b>
Above 10 Years	18	18.9	18.9
5 to 10 Years	35	36.8	55.8
2 to 5 Years	28	29.5	85.3
Less than one Year	14	14.7	100.0
<b>Total</b>	<b>95</b>	<b>100.0</b>	

#### 4.4.1.2 Requests from departments

The information in Table 4.5 shows that 11 (11.6%) respondents indicated that requisitions come from livestock and fisheries, 20 (21.1%) ICT, 22 (23.2%) tourism, 33(34.7%) finance and development while 9 (9.5%) from transport departments. The findings indicated that most of the requests come from the finance and development department as compared to the transport department because the finance and development department has a lot of development projects.

**Table 4. 5: Which department do requests mainly come from?**

<b>Response</b>	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Percent</b>
Livestock and Fisheries	11	11.6	11.6
ICT	20	21.1	32.6
Tourism	22	23.2	55.8
Finance and Development	33	34.7	90.5
Transport	9	9.5	100.0
<b>Total</b>	<b>95</b>	<b>100.0</b>	

#### 4.4.1.3 When the Organization Started Practicing the Preference and Reservation Directives

According to results in Table 4.6, 72 (75.8%) respondents recorded that preference and reservation directives were practiced from 10 years ago while 23 (24.2%) indicated that supplier development of disadvantaged groups has been in practice for the past 5 years. This was an implication that county governments in western region have been developing disadvantaged groups for the past decade when the directives had been put in place. A higher percentage (75.8%) indicated that supplier development for disadvantaged groups has been strongly embraced.

**Table 4. 6: Which Year did the organization start practising the preference and reservation directives?**

<b>Response</b>	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Percent</b>
5 Years Ago	23	24.2	24.2
10 Years Ago	72	75.8	100.0
<b>Total</b>	<b>95</b>	<b>100.0</b>	

#### **4.4.1.7 Frequency of Practice of Supplier Development**

Table 4.7 shows the frequency of practice of supplier development practices.

**Table 4. 7: Which supplier development practices are practised more frequently?**

<b>Response</b>	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Percent</b>
Access to procurement information and communication practices	29	30.5	30.5
Technical development practices	18	18.9	49.4
Capacity building practices	43	45.3	94.7
Access to opportunities of financing practices	5	5.3	100.0
<b>Total</b>	<b>95</b>	<b>100.0</b>	

Respondents were required to indicate the frequency of supplier development practices. Table 4.7 shows that 29 (30.5%) was access to procurement information and communication practices, 18 (18.9%) technical development practices, 43 (45.3%) Capacity building and lastly 5 (5.3%) showed access to financing practices. From the findings, most of the respondents 43 (45.3%) indicated that capacity building practices were the most practised directives in the county government in Western Region. This implies that most of the disadvantaged groups are trained on the best practices of what reservation directive entails and their contribution and benefits on the same.

#### 4.4.2 Access to Financing Opportunities and Procurement Performance

Table 4.8 shows the effect of access to financing opportunities on procurement performance. Where SA-Strongly Agree, A-Agree, N- Neutral, D- Disagree and SD-Strongly Disagree

**Table 4. 8: Access to Financing Opportunities and Procurement Performance**

Statements	SA	A	N	D	SD
Disadvantaged groups LPO are financed by financial institutions	25 (26.3%)	30 (31.6%)	12 (12.6%)	16 (16.8%)	12 (12.6%)
Financed LPOs by financial institutions affect cost level	27 (28.4%)	39 (41.1%)	8 (8.4%)	14 (14.7%)	7(7.4%)
Access to Uwezo funds by disadvantaged groups affect cost level	24 (25.3%)	52 (54.7%)	4 (4.2%)	7 (7.4%)	8 (8.4%)
Disadvantaged groups access Uwezo funds	21 (22.1%)	37(38.9%)	14 (14.7%)	16 (16.8%)	7 (7.4%)
Disadvantaged groups have financial capacity to finish contracts on time	19 (20%)	38 (40%)	12 (12.6%)	17(18.1%)	9 (9.5%)
Disadvantaged groups contracts finished on time affect cost level	26 (27.4%)	42 (44.2%)	9 (9.5%)	10 (10.5%)	8 (8.4%)
Disadvantaged groups have information about financing opportunities	17 (18.1%)	26 (27.4%)	22 (23.2%)	21(22.1%)	9 (9.5%)
Access to information about financing opportunities	33 (34.7%)	42 (44.2%)	7 (7.4%)	6 (6.3%)	7 (7.4%)

#### **4.4.2.1 LPOs Financing**

As shown in Table 4.8, respondents were to state whether disadvantaged groups LPO are financed by financial institutions. From the findings, 55 (57.9%) respondents agreed while 40 (42.1%) disagreed that disadvantaged groups' LPO are financed by financial institutions.

The majority who agreed was an implication that most of the county governments in the western region are in a position to increase the participation of companies owned by disadvantaged groups in contracts awarded hence improving procurement performance. The few respondents who disagreed implied that some financial institutions in the county government do not finance disadvantaged groups' LPOs as some of them do not have enough supporting documentation.

#### **4.4.2.2 Financing LPOs of Disadvantaged Groups and procurement performance.**

Table 4.8, respondents were to indicate whether financing LPOs of disadvantaged groups affects procurement performance. The findings show that 66 (69.5%) agreed while 29 (30.5%) disagreed. Most of the respondents who agreed that financing LPOs by financial institutions has an effect on procurement performance was an implication that most county government increases the financial muscles, strength and capacity of reserved groups through uninterrupted cash flows hence minimal return outwards costs and costs associated with delays in completion of projects by contractors. The findings are in line with Ngure and Simba (2015) who examined factors affecting AGPO, a case study of Kenya Ports Authority.

#### **4.4.2.3 Access to Uwezo Funds**

Respondents were to indicate whether reserved groups get access to Uwezo funds. As indicated in Table 4.8, 76 (80.0%) respondents agreed while 19 (20.0%) disagreed that disadvantaged groups access Uwezo funds. The majority of the respondents who agreed that the disadvantaged groups access Uwezo Funds was an indication that most of the county government in Western region enable the disadvantaged groups to get access to procurement opportunities. The few respondents who disagreed indicated that not all county governments in Western Region offer Uwezo funds to all disadvantaged people due to various reasons that might have led to the misuse of Uwezo funds and loans.

#### **4.4.2.4 Access to Uwezo Funds by The Disadvantaged Groups and Procurement Performance**

Respondents were to indicate if access to Uwezo funds by disadvantaged groups affects procurement performance. From Table 4.8, It was recorded that 58 (61.1%) of respondents agreed while 37 (38.9%) % disagreed. From the findings majority of respondents agreed that access to Uwezo Funds by disadvantaged groups affects procurement performance. This implies that most county governments in western region are able to set aside more capital for disadvantaged suppliers by the county governments which in turn improves procurement performance in county governments in western Region. The results are in tandem with those of Arunga and Nyang'au (2019) on factors affecting the implementation of AGPO; a case study of Central Bank of Kenya.



#### **4.4.2.5 Financial Capacity**

As recorded in Table 4.8, respondents were to indicate if county governments have embraced financial capacity. From the findings, it was clear that 57 (60.0%) agreed while 38 (40.0%) disagreed. Most respondents who agreed implies that the disadvantaged groups in Western Region counties have the capacity to finish contracts awarded to them on time as this enables the procurement departments to avoid costs associated with failure to execute or deliver which may lower procurement performance. The few respondents who disagreed was an indication that disadvantaged groups in some counties in Western Region fail to deliver and execute their contracts and such county government may be at risk of increased costs associated with contract failure and this may lead to a negative effect on procurement performance of county governments.

#### **4.4.2.6 Finishing Contracts on Time and Procurement Performance.**

Respondents were asked to indicate whether finishing contracts on time affects procurement performance. Results in Table 4.8 showed that 68 (71.6%) agreed while 52 (28.4%) disagreed that finishing contracts on time affects procurement performance. From the findings most respondents agreed, an indication that disadvantaged groups execute their contracts on time as effective contract execution enables long-term value for an organization and also helps in establishing supplier relationships. This also improves functional efficiency and minimizes maverick spending thus improving procurement performance.

#### **4.4.2.7 Access to Financial Information**

Respondents were expected to state whether the county government allow disadvantaged groups to access financial information. Based on the responses given in Table 4.8, 52 (54.7%) agreed while 43 (45.3%) disagreed that they do not offer access to financial information to the reserved groups. From the findings, it was evident most respondents agreed that the disadvantaged groups get information about financing opportunities. This implies that the disadvantaged groups access information on financial opportunities for them to be able to participate fully in supplying goods and services to government institutions in Western Region. These findings are similar to those of Ancarani, Mauro and Tatrai (2019) who studied the effect of supplier development in county governments in a case study of Kisumu, Kenya.

#### **4.4.2.8 Access to Financial Information and Procurement Performance**

Results from the study as shown in Table 4.8 respondents were to indicate whether access to financial information affects procurement performance, the findings shows that 75 (78.9%) respondents agreed while 20 (21.1%) disagreed that access to information by disadvantaged groups has an effect on procurement performance. The majority of respondents who agreed implies that the County governments in Western region create awareness on financial sources for the disadvantaged groups thus improving the image of their institution which in turn increases and improves performance measured through cost level. These findings are in line with those of Namusonge and Lagat (2016) on factors affecting reserved groups

### 4.4.3 Capacity Building and Procurement Performance

Table 4.9 indicates the effects of capacity building practices on procurement performance.

**Table 4. 9: Capacity Building and procurement performance**

<b>Statements</b>	<b>SA</b>	<b>A</b>	<b>N</b>	<b>D</b>	<b>SD</b>
Capacity building of disadvantaged groups is done frequently	21 (22.1%)	34 (35.8%)	11 (11.6%)	19 (20.0%)	10 (10.5%)
Level of capacity building done affects cost levels	25 (26.5%)	44 (46.3%)	12 (12.6%)	9 (9.5%)	5 (5.3%)
Capacity building programs are done monthly	22 (23.2%)	34 (35.8%)	12 (12.6%)	16 (16.8%)	11 (11.6%)
Sensitization programs are done frequently	17 (18.1%)	36 (37.9%)	10 (10.5%)	19 (20.5%)	13 (13.7%)
Number of sensitization programs affect cost levels	31 (32.6%)	40 (42.1%)	7 (7.4%)	11 (11.6%)	6 (6.3%)

#### 4.4.3.1 Frequency of Capacity building

Respondents were to indicate the frequency of capacity building performed by their respective county government. The research findings in Table 4.9 shows that 55 (57.9%) respondents agreed while 40 (42.1%) disagreed. The findings proved that most respondents indicated that capacity building is done for the disadvantaged groups. This implies that offering capacity building to disadvantaged groups fosters a sense of ownership and empowerment so that the quality of supplies and contracts is enhanced in the county governments.

#### **4.4.3.2 Capacity Building and Procurement Performance**

According to the results in Table 4.9, respondents were required to indicate whether capacity building affects procurement performance. From the findings, 69 (72.6%) respondents were in agreement that capacity building for the disadvantaged groups in western region counties has an effect on procurement performance while 26 (27.4%) disagreed. Most county governments, according to the majority who concurred, are able to concentrate on enhancing an organization's capability through supplier enhancement and its performance in terms of expense in the procurement function through capacity building techniques. The findings are in line with Arunga and Nyang'au (2019) who carried out a study on factors affecting the implementation of preference and reservation directives on government procurement entities.

#### **4.4.3.3 Capacity Building is Done Monthly**

Information in Table 4.9 indicates 56 (58.9%) agreed while 39 (41.1%) disagreed that capacity building is done in county governments on a monthly basis. The majority of respondents who agreed implied that, the disadvantaged groups in specific county government are able to adopt to new skills and knowledge to sustain them in the labor market. The few who disagreed was an implication that some county governments are not able to sustain disadvantaged groups suppliers in the market due to failure to incorporate capacity building on a monthly basis, therefore they might record low procurement performance due to reduced market share.

#### **4.4.3.4 Sensitization of Capacity Building Programs and Procurement**

##### **Performance.**

Respondents were required to indicate whether sensitization of capacity building programs and procurement performance. Results in Table 4.9 shows that 71 (74.7%) respondents agreed that sensitization of capacity building programs has an effect on procurement performance while 24 (25.3%) disagreed. The majority who agreed was an implication that county government in Western region that have sensitized capacity building programs were in a position to record hierarchical improvement in procurement performance. The findings were similar to those of Ngure and Simba (2015) who investigated factors affecting AGPO in Kenya.

#### **4.4.4 Technical Development and Procurement Practices**

Table 4.10 shows technical development practices and their effect on procurement performance.

**Table 4. 10: Technical Development Practices and Procurement Performance**

<b>Statements</b>	<b>SA</b>	<b>A</b>	<b>N</b>	<b>D</b>	<b>SD</b>
Disadvantaged groups possess knowledge of public tendering process	13 (13.7%)	38 (40.0)	8 (8.4%)	12(12.6%)	4 (4.2%)
Possession of knowledge and skills by disadvantaged groups has an effect on cost levels	19 (20.0%)	46 (48.4%)	13 (13.7%)	11 (11.6%)	6 (6.3%)
Disadvantaged groups deliver goods and services that conform to contract specifications	21(22.1%)	38 (40.0%)	13 (13.7%)	16 (16.8%)	7 (7.4%)
Delivery of goods and services that conform to technical specifications by disadvantaged groups has an effect on cost levels	23(24.2%)	36 (37.9%)	15 (15.8%)	12 (12.6%)	9 (9.5%)
Disadvantaged groups deliver goods and services within the required time outlined in the contract	29 (30.5%)	29 (30.5%)	11 (11.6%)	18 (18.9%)	8 (8.4%)
Capacity to deliver without delay by the disadvantaged groups has an effect on cost levels	33 (34.7%)	32 (33.7%)	11 (11.6%)	14 (14.7%)	5 (5.3%)

#### **4.4.4.1 Knowledge of Public Tendering**

In Table 4.10, respondents were to indicate whether disadvantaged group suppliers has knowledge of public tendering. From the findings, 51 (53.7%) respondents agreed while 44 (46.3%) disagreed that disadvantaged groups possess knowledge of the public tendering process. The majority who agreed implies that the disadvantaged groups in Western region are governed by contractual agreements

and the public procurement act and regulations. These results are in line with Nicoletti (2018) who studied the future; Procurement and got the same results on knowledge of public tendering.

#### **4.4.4.2 Possession of Knowledge and Skills by Disadvantaged Groups and Procurement Performance.**

Respondents were to say if possession of knowledge and skills by disadvantaged groups and procurement performance. From the outcome of the study in Table 4.10, It was recorded that 65 (68.4%) agreed that knowledge possession on public tendering has an effect on procurement performance while 30 (31.6%) disagreed. The majority who agreed implies that suppliers who have knowledge on public tendering processes ensures quality resulting from the tendering processes hence this may lead to improved procurement performance of county governments. Hence such counties are able to increase accountability and transparency that reduces malpractices that may lead to loss of money through a tendering process.

#### **4.4.4.3 Conformance to Contract Specifications**

Respondents were to say whether disadvantaged group suppliers conform to contract specifications. In Table 4.10, 59 (62.1%) indicated that suppliers under disadvantaged groups deliver goods and services that conform to contract specifications while 36 (37.9%) disagreed. The majority who agreed implies that goods of high quality are supplied by disadvantaged groups thus leading to improvement in procurement performance of public entities linked to county governments. Those who disagreed implied that some counties in Western region receive substandard goods and services from disadvantaged groups' suppliers and

this may affect procurement through loss of sales and customers. Gatere and Shale (2014) got the same findings on factors that impact the execution of AGPO directives in Nairobi County.

#### **4.4.4.4 Delivery of Goods and Services That Conform to Technical specifications and Procurement Performance**

Table 4.10 shows the level of conformance to technical specifications and its effect on procurement performance. From the results, 59 (62.1%) respondents agreed while (37.9%) disagreed that suppliers under disadvantaged groups deliver goods and services that conform to technical specifications, thus implying that most county government record a greater effect on the overall procurement performance due to their disadvantaged group supplier's conformance to technical specifications, as this reduces the cost associated with modification cost, cost of return thus increases products values.

#### **4.4.4.5 Delivery of goods within the required time as outlined in the contract**

As recorded in Table 4.10 participants were to indicate whether disadvantaged group suppliers deliver goods within required time as outlined in the contract. From the findings 58 (61.1%) agreed while 37 (38.9%) disagreed that disadvantaged group suppliers deliver goods and services within required time outlined in the contract. The majority who agreed implies that most county governments in western region of Kenya are in a position to enhance the overall procurement performance of public entities through the reduction of costs associated with returns. Those who disagreed were an indication that some disadvantaged group suppliers do not adhere to lead time due to various reasons that demand more follow-up for delivery to be



made and this may be costlier to the buying firm. The research findings are in line with those of Ombane, Iravo and Kibet (2017) who investigated factors of AGPO policy among marginalized people in Moi Teaching and Referral Hospital.

#### **4.4.4.6 Capacity to deliver without delay and Procurement Performance.**

The participants were to indicate if the capacity to deliver without delay affects procurement performance. According to the study findings in Table 4.10, 65(68.4%) respondents agreed that timely delivery affects procurement performance while 30 (31.7%) respondents disagreed. This was an implication that the county government in western region has registered disadvantaged group suppliers that adhere to lead time requirements that leads to the effective and efficient running of the procurement functions hence reduction of costs associated with late delivery and direct procurement. The findings are in line with those of Kamau, Wanyoike and Mwangi (2014) who discussed access to credit facilities.

#### 4.4.5 Access to Information and Communication and Procurement Performance.

Table 4.11 shows the extent to which access to procurement information and communication practices and procurement performance.

**Table 4. 11: Access to Procurement Information and Communication Practices and Procurement Performance**

<b>Statements</b>	<b>SA</b>	<b>A</b>	<b>N</b>	<b>D</b>	<b>SD</b>
Procurement information is digitized in the organization	27 (28.4%)	40 (42.1%)	13 (13.7%)	8 (8.4%)	7 (7.4%)
Digitization of procurement information has an effect on cost levels	27 (28.4%)	39 (41.1%)	10 (10.5%)	10 (10.5%)	9 (9.5%)
Procurement information is uploaded on company notices and websites	35 (36.8%)	39 (41.1%)	7 (7.4%)	8 (8.4%)	6 (6.3%)
Uploading of procurement information on company notices and websites has an effect on cost level	20 (21.1%)	38 (40.0%)	14 (14.7%)	15 (15.8%)	8 (8.4%)
Disadvantaged groups are literate and competent	33 (34.7%)	30 (31.6%)	10 (10.5%)	14 (14.7%)	8 (8.4%)
Competency level of disadvantaged groups has an effect on cost levels	24 (25.3%)	38 (40.0%)	12 (12.6%)	14 (14.7%)	7 (7.4%)

##### 4.4.5.1 Digitization of procurement information

In Table 4.11, respondents were to indicate whether their county government has embraced digitization of procurement information.

From the findings, 67 (70.5%) respondents agreed while 28 (29.5%) disagreed that county governments in Western region have not digitized procurement information.

The majority of respondents who agreed was an implication that there is improved efficiency and optimization of supply chain processes and suppliers can access procurement information anytime. These findings are in agreement with Ancarani, Mauro and Tatrai (2019) who did a comparative study of SMEs in Canada.

#### **4.4.5.2 Digitization of Procurement Information and procurement**

##### **Performance**

Respondents were required to say whether digitization of procurement information affected procurement performance. Basing on the results in Table 4.11. 66 (69.5%) respondents agreed while 29 (30.5%) disagreed that digitization of procurement function affects procurement performance. The majority of respondents who agreed imply that the use of technology makes the procurement process in county governments much easier hence leading to cost saving for the government involved and suppliers can easily access procurement information.

#### **4.4.5.3 Procurement Information is Uploaded on Notices and Websites.**

Respondents stated whether procurement information is uploaded on notices and websites. Results in Table 4.11, indicated that 74 (77.9%) respondents agreed that procurement information is uploaded on company notices and websites while 21 (22.1%) respondents disagreed on the same.

Most of the respondents who agreed implied that procurement functions in most of the counties in western region enable the disadvantaged groups to log in to the system and easily download tenders on the websites and thus increasing the level of transparency during the tendering process. Those who disagreed implied that some county governments' procurement functions do not upload notices and information

on websites hence they might lose business due to failure of access to information on supplies by capable disadvantaged group suppliers.

#### **4.4.5.4 Uploading Procurement Information on Company Websites and Notices and Procurement Performance.**

Respondents were to indicate whether uploading procurement information on company websites and notices and procurement performance. From the results in Table 4.11, 58 (61.1%) respondents agreed while 37 (38.9%) disagreed that uploading procurement information on company websites and notices affects procurement performance. This implied that county governments in Western region through public administration on tendering processes lead to accountability during tender processing hence stimulating positive performance as this minimizes lead time and enhances speedy delivery and thus boosts procurement performance in terms of communication costs minimization. These results tally with those of Kazungu (2019) on the public procurement roles in enhancing SMEs in Tanzania.

#### **4.4.5.5 Literacy and competence of disadvantaged groups**

Respondents were to state the literacy competence of disadvantaged groups. Results from the study showed that 63 (66.3%) indicated that the disadvantaged group suppliers are literate and competent. This implies that procurement functions in western region counties enhance the quality and improvement of supply chain processes that and this helps in lowering costs related to poor quality procedures.

Those who disagreed (33.7%), was an indication that the county government at some level awarded incompetent disadvantaged group suppliers and this may lead to poor quality products.

#### 4.4.5.6 Competence of Disadvantaged Groups and Procurement Performance

Respondents were to indicate if the competence of disadvantaged groups affects procurement performance. As portrayed in Table 4.11, 62 (65.3%) respondents agreed while 33 (34.7%) disagreed that the competence level of disadvantaged groups affects procurement performance. The majority of respondents who agreed implied that most county governments' procurement functions can experience value generation and supplier effectiveness. Effective communication improves information acquisition which affects the overall procurement performance of organizations.

#### 4.4.6 Descriptive statistics on dependent variable

The results in Table 4.20 show that Kakamega County had the lowest cost level figure of Sh. 25000000 while Vihiga County recorded the highest procurement function cost of

Sh.100, 000,000. This was an indication that some county governments incur high costs in procurement processes as compared to others. A mean of 63315789.47 was obtained with a standard deviation of 28318200.73

**Table 4. 12: Descriptive statistics on procurement performance**

	<b>Minimum</b>	<b>Maximum</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>N</b>
Cost Level	25000000	100000000	63315789.47	28318200.732	95
County	Kakamega	Vihiga	2.55	1.137	S
Government					

## 4.5 Diagnostic Tests

To determine whether the estimated model, the assumptions we made about the data, and the model are coherent with the data collected, the study conducted diagnostic tests to evaluate the regression analysis parameters.

A normality test is run on a set of data to determine if the sample was extracted from the targeted population with a regular distribution. The study employed Shapiro Wilk. The test was used in the study to determine whether the data were normal. Given that the study's sample size was under 2000, the test was appropriate. The test has a null hypothesis that the data set is normally distributed and if the  $p < 0.05$  the null hypothesis is rejected.

**Table 4. 13: Shapiro Wilk Test**

<b>Variables</b>	<b>Shapiro-Wilk Statistic</b>	<b>Df</b>	<b>Sig.</b>
Access to Finance Practices	.906	95	.060
Capacity Building Practices	.893	95	.050
Technical Development Practices	.850	95	.073
Access to Procurement Information	.703	95	.061
Procurement Performance	.862	95	.080

As is seen in Table 4.12, the null hypothesis could not be rejected because all of the variables' significance levels were greater than 0.05, which demonstrates that the data set had a normal distribution.

### 4.5.2 Autocorrelation

Autocorrelation is the degree of correlation between residuals over successive time intervals. Autocorrelation can cause us to overestimate the standard error and trick us into believing that predictors are important when they are not by creating the

illusion that they are. A value of less than 2 in the Durbin-Watson statistic indicates positive autocorrelation, while a value of more than 2 shows negative autocorrelation.

**Table 4. 14: Durbin Watson Test**

Lower Limit	Durbin-Watson	Upper Limit
1.732	2.000	1.990

The investigation found that the variables were not auto-correlated because a Durbin-Watson statistic of 2.000 was obtained from the test. As a result, the model's predictions can be trusted because they are relevant.

#### 4.5.3 Multicollinearity

Multicollinearity describes a situation in which the independent variables are interrelated. This incidence is distressing because independent variables ought to be independent. VIF was used in the study to gauge the model's degree of multicollinearity. Vittinghoff, Glidden, Shiboski, and McCulloch (2012) claim that a  $VIF > 10$  proves to be a concern and hence suggest that the variables are highly correlated when measuring multicollinearity.

**Table 4. 15: Variance Inflation Factor**

Variable	Tolerance	VIF
Access to Finance Practices	.891	1.672
Capacity Building Practices	.963	1.410
Technical Development Practices	.860	1.201
Access to Procurement Information	.910	1.470

From the results, all the variables had VIF values below 10 hence the study proved that access to finance practices, capacity building practices, technical development practices, access to procurement information were not highly correlated.

#### 4.5.4 Heteroscedasticity

To check the data for heteroscedasticity and see if the variances in the model are distributed equally, the Breusch Pagan test was conducted. The assumption under test is that homoscedasticity exists and the residuals in the model have constant variance.

**Table 4. 16: Breusch Pagan Test**

<b>Model</b>	<b>chi2(1)</b>	<b>Prob &gt; chi2</b>
BP test	2.75	0.175

Table 4.15 makes it clear that the probability value of the Breusch-Pagan test is greater than 0.05, and as a result, the study failed to reject the null hypothesis, leading to the conclusion that the model's residuals are homoscedastic.

#### 4.6 Inferential Statistics

The inferential statistics supported the descriptive statistics which could not give a clear perspective of the relationship between the variable. The multiple linear regression results are shown in Table 4.19 and discussed in accordance with the study objectives.

##### 4.6.1 Correlation Analysis

To determine the association between two variables and gauge how strongly they are linearly related, researchers use an analytical tool called correlation analysis. To show the significance of the link between the variables, the approach generates the correlation coefficients and p values.



**Table 4. 17: Pearson Product Moment Correlation**

	<b>AFP</b>	<b>CBP</b>	<b>TDP</b>	<b>API</b>	<b>Proc Perf</b>
<b>AFP</b>	1				
<b>CBP</b>	0.206 (0.351)	1			
<b>TDP</b>	0.316 (0.304)	0.280 (0.290)	1		
<b>API</b>	0.251 (0.258)	0.179 (0.290)	0.381 (0.192)	1	
<b>Proc. Perf</b>	- 0.539* (0.010)	- 0.356* (0.000)	- 0.167* (0.028)	- 0.369* (0.001)	1

From the findings in Table 4.16, Access to finance practices and procurement performance have a negative association. Further, the study found a significant association between access to finance practices and procurement performance at a 5% significance level as shown by the variable's coefficient of  $r = - 0.539$  and p-value of 0.010, which is less than 0.05. Therefore, an increase in access to finance practices contributes to an increase in procurement performance.

Capacity-building practices and procurement performance also had a negative correlation. There was also a significant association between capacity-building practices and procurement performance at a 5% significance level as shown by the variable's coefficient of  $r = - 0.356$  and p-value of 0.000, which is less than 0.05.

As shown in table 4.16, technical, development practices and procurement performance had a negative association. Further, the study found a significant association between technical development practices and procurement performance at a 5% significance level as demonstrated by the variable's coefficient of  $r = - 0.167$  and p-value of 0.028, which is less than 0.05.

Access to procurement information had a negative correlation with procurement performance. Moreover, there was a significant association between capacity-building practices and procurement performance at a 5% significance level as shown by the variable's coefficient of  $r = 0.369$  and p-value of 0.001, which is less than 0.05.

#### 4.6.2 Model Summary

A coefficient of correlation R (0.589) was obtained and a coefficient of determination ( $R^2 = 0.768$ ) showed that approximately 77% of variations in procurement performance is explained by changes in supplier development practices.

**Table 4. 18: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.589 <sup>a</sup>	.768	.755	.037

a. Predictors: (Constant), FP, CP, TD, AIC

#### 4.6.3 ANOVA

Table 4.18 explains the variance between variables and determines whether the model is significant

**Table 4. 19: ANOVA**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	20.942	4	5.235	4.867	.001 <sup>b</sup>
	Residual	96.806	90	1.076		
<b>Total</b>		<b>117.747</b>	<b>94</b>			

ANOVA explains the variance between variables and variance within variables and whether the model is significant. In this case, the model is significant since the P value is less than 5%(P=0.001)

Results in Table 4.19 shows a regression model linking supplier development practices and procurement performance in model 4.1

**Table 4. 20 Regression Model**

Model		Unstandardized Coefficients		T	Sig.
		B	Std. Error		
1	(Constant)	4.123	.638	6.464	.000
	Financing Practices	-.272	.082	-3.321	.001
	Capacity Building Practices	-.146	.082	-1.780	.004
	Technical Development Practices	-.203	.103	-1.971	.000
	Access to Information	-.177	.105	-1.688	.001

a. Dependent variable: Procurement performance

$$Y = 4.123 - 0.272FP - 0.146CP - 0.203TD - 0.177AIC \quad (4.1)$$

#### 4.6.4. Financing Practices and Procurement Performance

The first objective of the study was to establish the effect of access to financing opportunities by disadvantaged groups on the procurement performance of county governments in Western Region, Kenya. With the null hypothesis, access to financing practices opportunities by disadvantaged groups have no significant effect on procurement performance of county governments in Western Region. From

Table 4.19 and regression model 4.1, access to financial practices by the disadvantaged groups had a regression coefficient of -0.272 and a probability value of 0.001 which was less than 0.05. That is a unit increase in access to financial opportunities reduces procurement performance i.e. cost levels by 0.272 units. Therefore, the null hypothesis was rejected at a 0.05 significance level. This indicated that access to financial practices had a significant negative effect on procurement performance at a 5% significance level. The findings are in line with Korir and Wanambiro, (2017) who carried out a study on the influence of access to government procurement opportunities on tendering participation by women in Nakuru County.

#### **4.6.5 Capacity Building Practices and Procurement Performance**

The second objective of the study was to determine the effect of capacity building practices of disadvantaged groups on the procurement performance of county governments in Western Region, Kenya. With the null hypothesis, capacity building practices of disadvantaged groups have no significant effect on procurement performance of county governments in Western Region. In Table 4.19, and Model 4.1, capacity-building practices had a regression beta coefficient of -0.146 and a probability value of 0.004 which was less than 0.05 leading to the rejection of the null hypothesis.

This implied that capacity-building practices had a significant negative value on procurement performance at a 5% level of significance. That is a unit increase in capacity-building practices reduces cost levels by 0.146 units. The findings are

similar to those of Ngure and Samba (2015) who examined factors affecting AGPO in Kenya Ports Authority.

#### **4.6.6 Technical Development Practices and Procurement Performance**

The third objective of the study was to examine the effect of technical development practices of disadvantaged groups on the procurement performance of county governments in Western Region, Kenya. With the null hypothesis, technical development practices have no significant effect on the procurement performance of county governments in Western Region. In Table 4.19 and regression model 4.1, technical development practices had a regression coefficient of -0.203 and a probability value of 0.000 which was less than 0.05. This showed that technical development practices had a significant negative effect on procurement performance at 5% significance thus the null hypothesis was rejected. That is a unit increase in the number of technical development practices reduces procurement performance by 0.203 units. The results are in tandem with those of Arunga and Nyang'au (2019) on factors affecting the implementation of AGPO, a case study of Central Bank of Kenya.

#### **4.6.7 Access to Procurement Information and Communication Practices and Procurement Performance**

The fourth objective of the study was to assess the effects of communication and information practices of disadvantaged groups on the procurement performance of county governments in Western Region, Kenya. With the null hypothesis, communication and information practices have no significant effect on the procurement performance of county governments in Western Region. In Table 4.19

and regression Model 4.1, access to information and communication had a regression coefficient of -0.177 with a probability value of 0.001 which was less than 0.05, thus leading to the rejection of the null hypothesis at a 95% confidence level. This implies that access to information and communication had a significant negative effect on procurement performance measured through cost level. That is a unit increase in access to information and communication reduces procurement performance by 0.177 units. The results are in line with Gatere and Shale (2014) who carried out a study on the implementation of preferential access to public procurement opportunities.

#### 4.7 Summary of Hypothesis Test

In Table 4.21, all the null hypotheses were rejected at a 5% significance level as they indicated p values less than 0.5 this implies that all four supplier development practices significantly affected procurement performance.

**Table 4. 21: Hypotheses Test**

No.	Hypothesis	P-value	Results
Ho <sub>1</sub>	Access to financing practices by disadvantaged groups has no significant effect on procurement performance of county governments in Western Region, Kenya.	0.001 < 0.05	Rejected
Ho <sub>2</sub>	Capacity building practices of disadvantaged groups has no significant effect on procurement performance of county governments in Western Region, Kenya. .	0.004 < 0.05	Rejected
Ho <sub>3</sub>	Technical development practices has no significant effect on procurement performance of county governments in Western Region, Kenya.	0.000 < 0.05	Rejected
Ho <sub>4</sub>	Access to information and communication has no significant effect on procurement performance of county governments in Western Region, Kenya.	0.001 < 0.05	Rejected

#### **4.9 Relevance of Theories**

The theoretical frameworks were shown to be important to both descriptive and inferential statistics as examined by the hypotheses concerning the study's goals and findings. According to the empowerment theory, underprivileged individuals are provided chances to grow and learn through capacity building practices, they access procurement information easily on the website, financial practices help them to access the UWEZO fund and Youth fund easily and technical development practices help them access materials. Through the above-named practices, the disadvantaged groups feel empowered and can work with the government without any problem. The theory of change was relevant to the study as stakeholders in the procurement function are intended to master the change process so that when implementing supplier development practices of disadvantaged groups, they should be effective and efficient through other stakeholders. The procurement stakeholders should know which supplier development practices are suitable to each disadvantaged group, and which practices can be changed to suit each disadvantaged group, for instance when dealing with financial practices procurement stakeholders should know which practices are okay with the different groups and which changes can be made to affect the different financial practices. On matters of capacity building, the stakeholders should know which training is effective and what should be changed to cope with emerging trends, on procurement information the procurement stakeholders should know the technological changes so they keep up with the trend and technology and update the suppliers.

## **CHAPTER 5**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

The chapter provides a summary, a conclusion, suggestions, and topics that require more research.

#### **5.2 Summary of the Findings**

The specific objectives of the study were: to establish the influence of access to opportunities of financing practices by disadvantaged groups, to determine the influence of capacity building practices of disadvantaged groups, to examine the influence of technical development practices of disadvantaged groups and to assess the influence of access to procurement information and communication practices by disadvantaged groups on procurement performance of county governments in Western region.

##### **5.2.1 Access to financial practice and Procurement Performance**

Access to financial practices by the disadvantaged groups had a regression coefficient of -0.272 and a probability value of 0.001 which was less than 0.05. That is a unit increase in access to financial opportunities reduces procurement performance by 0.272 units. Therefore, the null hypothesis was rejected at a 0.05 significance level. This indicated that access to financial practices had a significant negative effect on procurement performance at a 5% significance level.



### **5.2.2 Capacity Building Practices and Performance**

Capacity building practices had a regression beta coefficient of -0.146 and a probability value of 0.004 which was less than 0.05 leading to the rejection of the null hypothesis. This implied that capacity-building practices had a significant negative value on procurement performance at a 5% level of significance. That is a unit increase in capacity building practices reduces procurement performance by 0.146 units.

### **5.2.3 Technical Development and Performance**

Descriptive statistics proved that a larger percentage of respondents agreed that technical development practices affected the procurement performance of county government in western region. Technical development practices had a regression coefficient of -0.203 and a probability value of 0.000 which was less than 0.05. This showed that technical development practices had a significant negative effect on procurement performance at 5% significance thus the null hypothesis was rejected. That is a unit increase in the number of technical development practices reduces procurement performance by 0.203 units

### **5.2.4 Access to Information and Communication and Performance**

Access to information and communication had a regression coefficient of -0.177 with a probability value of 0.001 which was less than 0.05, thus led to the rejection of the null hypothesis at 95% confidence level. This implies that access to information and communication had a significant negative effect on procurement performance measured through cost level. That is a unit increase in access to information and communication reduces procurement performance by 0.177 units.

### **5.3 Conclusion**

The County governments of Western region, Kenya are among the few counties which are trying to adhere to the government requirement on reservation for special groups, they have tried to train the stakeholders and provide online service for all Kenyans to access their services and crucial information. Sensitization has been partly done to the Disadvantaged Groups in Kenya; the county governments have tried to train the Disadvantaged Groups by the relevant concerned bodies. The group has sole proprietorship ownership as well as Partnership among Disadvantaged Groups operating in the county governments of the western region, a number of banks recognize the Purchase Order of the four counties which support financing for Disadvantaged Groups, The four county governments supports all Disadvantaged Groups with Assurance letters for Local Purchase Order Financing on request, The four counties offer equal opportunities to all disadvantaged groups in accessing the displayed information in there different websites. The county governments of western region just like any other county have several challenges which affect their day-to-day operations, among them are: Disadvantaged Groups fear to bid along with other established firms on advertised county government tenders due to inability to access funding. The “Disadvantaged Groups” face many problems when it comes to raising capital as they cannot play in the same league with established firms with wide experiences. The disadvantaged groups also don’t have enough technical know-how and machinery that can help them execute contracts after they have been awarded to reduce delay costs and return outwards costs. As derived from the above challenges the supplier development practices of the special interest groups were found to be strong and significantly generated negative impact on the procurement performance of the said counties through measurement of cost level.

### **5.3.1 : Access to financial practice**

There is a significant negative relationship between access to financial practices and the procurement performance of county governments in Western region of Kenya.

That is when financial practices are increased procurement performance significantly improves. It is therefore important to embrace access to financial practices by the disadvantaged group suppliers to improve the procurement performance of county governments in Western region, Kenya

### **5.3.2 : Capacity Building Practices**

There exists a significant negative relationship between capacity building practices and procurement performance. Therefore, when capacity building practices is improved cost level significantly reduces. County governments in Western region can try to put more effort on capacity building practices to enable the procurement function to offer capacity building to disadvantaged groups' supplies to improve procurement performance.

### **5.3.3 : Technical Development**

There is a negative relationship between technical development and procurement performance. From the regression results, it can be established that technical development had a significant negative effect on procurement performance. To promote innovation and enhance procurement performance, county governments in the western region can undertake supplier technical support to their suppliers.

### **5.3.4 Access to Information and Communication**

There is a significant negative relationship between access to information and communication and procurement performance. It is seen that access to information and communication significantly leads to improved procurement performance. County governments can increase the level of procurement procedures' automation, the expertise of underrepresented groups, and the frequency of access to procurement notices and promotions to increase procurement performance.

## **5.4 Recommendation**

### **5.4.1 Access to Financial practices**

Despite most of the respondents agreeing that disadvantaged group suppliers get access to Uwezo funds there were still a few respondents who disagreed that their county government do not provide financial access through loans to reserved group suppliers. Based on the above criteria as the inferential statistics implied that financial practices have a significant negative effect on procurement performance. Therefore, county governments must develop a partnership with financial institutions which will discount reserved group suppliers' invoices and finance their LPOs' through written assurance letters from the respective county governments which will help in providing enough funds to the reserved groups to deliver and hence it will reduce costs associated with late deliveries and deliveries of substandard goods. They should also try to pay the reserved suppliers on time and ensure the UWEZO fund, youth fund and women's enterprise fund are accessible to all the special groups that require funding so they can deliver quality and reduce delays.

#### **5.4.2 Capacity building Practices**

Few respondents argued that their companies offer capacity building techniques, and inferential statistics showed that these activities had a considerable impact on the effectiveness of county governments in the western region's procurement processes.

The study suggests that reserved groups should be trained and sensitized frequently to strengthen their professional capability. To encourage engagement from special interest groups, the procurement personnel should educate them on the benefits of their involvement in procurement as well as what taking part in public procurement entails. They should also have strong customer service skills. The report suggests maintaining top-level support for the implementation of the policy on marginalized group community empowerment. The organization should embrace sensitization programs and encourage all the staff and stakeholders to embrace the programs.

#### **5.4.3 Technical Development**

The inferential implied that technical development practices had a significant effect on procurement performance. The research suggests county governments implement lean and simplified organizational procedures that are easily understood by disadvantaged suppliers, through the simplified procedures suppliers can understand and work according to them, this eventually reduces returns outwards and minimizes delays in the delivery of goods and finishing of projects.

The county governments should also display the procedures and skills needed to apply for tenders in there different websites during the tender advertisement stage and set aside one staff who will be taking the reserved groups through the procedures

anytime they pop in the procuring unit offices for assistance or clarification on matters tenders.

#### **5.4.4 Access to Information and Communication**

As the descriptive statistics indicated that most of the respondents agreed on access to information and communication practices were embraced by a majority of the county governments in western region, the same results were supported by the

inferential statistics that access to information has a significant effect on procurement performance. Therefore, the county government have to use internet technologies to increase information accessibility. The report advises procurement workers to gain a better understanding of preferences and reserved regulations. The report advises western region counties to increase ICT infrastructure adaptability, and display frequently procurement information on county websites and notice boards so that disadvantaged groups can quickly access the displayed information on time. This will increase the number of the disadvantaged group who are bidding for tenders as most of them will have accessed the information needed on time.

### **5.5 Areas for Further Studies**

Existing literature indicated that there is a need to undertake similar research in other Counties in Kenya and other countries to establish whether the explored factors herein can be generalized to supplier development practices of disadvantaged groups and procurement performance of county governments in Western region Kenya. Future research should take into account additional variables like competence and bidding that is competitive, among many others. More research should be conducted to improve this model because the explanatory factors included explained around 77% of the variation in procurement performance.

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## **APPENDICES**

### **Appendix I: Letter of Introduction**

Kaimosi Friends University

P.O. Box 385-50309

**KAIMOSI, KENYA**

To: The County Secretary

Dear Sir/Madam

#### **RE: REQUEST FOR DATA COLLECTION AND PARTICIPATION**

I am a Master of Business Administration student at Kaimosi Friends University. I am conducting academic research on the influence of supplier development practices of disadvantaged groups on procurement performance in Western region counties of Kenya.

I have chosen your County to participate in this study as it is among the selected counties in my scope. The questionnaire will not take more than 15 minutes of your time to fill. The information gathered from your firm will be treated with confidentiality.

I look forward to a fruitful engagement.

Yours faithfully

Pamela Kongoti

Email: Pamwakon@gmail.com

Phone number: 0712678758

## Appendix II: Study Questionnaires

- a) This questionnaire comprises six sections. Kindly respond to all items in each section.
- b) It's not necessary to indicate your name anywhere on the questionnaire.
- c) Indicate by use of (✓) in the bracket to the right side of the option that best suits your opinion.
- d) For sections B to E use the 5 points Likert scale below to show the extent to which you agree with the following statements.
  - a) 5= Strongly Disagree, 4 =Disagree, 3 =Neutral, 2= Disagree, 1= Strongly Disagree

### SECTION A: BACKGROUND INFORMATION

1. For how long have you worked in the organization in this department?  
Less than 1 year ( ) 2-5years ( ) 5-10 years ( ) Above 10 years ( )
2. State the four main departments where requests mainly come from?  
(a)Transport (b) Finance and development (c) Tourism (d) ICT (e) Livestock and Fisheries
3. Which year did the organization start practicing the preference and reservation directive?  
1 year ago ( ) 2 years ago ( ) 5 years ago ( ) 10 years ago ( ) 20 years ago ( )
4. Which supplier development practices are practiced more frequently among the ones mentioned below?

(a) Access to opportunities of financing practices ( ) (b) capacity building practices ( ) (c) Technical development practices ( ) (d) Access to procurement information and communication practices( )

**SECTION B: Access to Opportunities Of Financing Practices By  
Disadvantaged Groups And Procurement Performance**

QUESTIONS	1	2	3	4	5
1. Disadvantaged groups LPOs are financed by financial institutions?					
2. Financed LPOs by financial institutions affect cost level?					
3. Access to Uwezo funds by disadvantaged groups affect cost level.					
4. Disadvantaged groups access uwezo funds					
5. Disadvantaged groups have financial capacity to finish contracts on time					
6. Disadvantaged groups contracts finished on time affect cost level					
7. Disadvantaged groups have information about financing opportunities.					
8. Access to information about financing opportunities by disadvantaged groups affect cost level.					

**SECTION C: Capacity Building Practices Of Disadvantaged Groups And Procurement Performance**

<b>QUESTIONS</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1. Capacity building of disadvantaged groups is done frequently?					
2. Level of capacity building done affects cost level?					
3. Capacity building programs are done monthly?					
4. Number of capacity building programs affects cost level?					
5. Sensitizational programs are done frequently?					
6. Number of sensitizational programs affect cost level?					



**SECTION D: Technical Development Practices of Disadvantaged Groups and Procurement Performance**

<b>QUESTIONS</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1. Disadvantaged groups possess knowledge of public tendering process					
2. Possession of knowledge and skills by disadvantaged groups has an effect on cost level.					
3. Disadvantaged groups deliver goods and services that conform to contract specifications					
4. Delivery of goods and services that conform to technical specifications by disadvantaged groups has an effect on cost level.					
5. Disadvantaged groups deliver goods and services within the required time outlined in the contract.					
6. Capacity to deliver without delay by the disadvantaged groups has an effect on cost level.					

## SECTION E: Access to Procurement Information and Communication

### Practices by Disadvantaged Groups and Procurement Performance

QUESTIONS	1	2	3	4	5
1. Procurement information is digitized in the organization.					
2. Digitization of procurement information has an effect on cost level.					
3. Procurement information is uploaded on Company notices and websites					
4. Upload of procurement information on company notices and websites has an effect on cost level.					
5. Disadvantaged groups are literate and competent.					
6. Competence level of disadvantaged groups has an effect on cost level.					

**Appendix (III): Document Review Guide**


<b>Financial Year</b> <b>2019/2020</b>	<b>Monthly data</b>	<b>Cost Levels</b>
	Jan	
	Feb	
	Mar	
	April	
	May	
	June	
	July	
	August	
	Sept	
	Oct	
	Nov	
	Dec	
<b>Financial Year</b> <b>2020/2021</b>	<b>Monthly data</b>	<b>Cost Levels</b>
	Jan	
	Feb	
	Mar	
	April	
	May	
	June	
	July	
	August	
	Sept	
	Oct	
	Nov	
	Dec	


**Data Entry Sheet.....1.....**

**County Name.....**

**Source: Researcher (2021)**


Appendix II: Research Permit

  
REPUBLIC OF KENYA  
National Commission for Science, Technology and Innovation

  
NATIONAL COMMISSION FOR  
SCIENCE, TECHNOLOGY & INNOVATION

Ref No: **296952** Date of Issue: **13/July/2022**

**RESEARCH LICENSE**



**This is to Certify that Ms. PAMELA KONGOTI WAFULA of Kaimosi Friends University College, has been licensed to conduct research in Bungoma, Busia, Kakamega, Vihiga on the topic: Supplier development practices of disadvantaged groups and procurement performance of County Governments in Western Region, Kenya, for the period ending : 13/July/2023.**

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