

## ROLE OF PROCUREMENT ON ORGANIZATIONAL PERFORMANCE: A SURVEY STUDY OF PUBLIC SECONDARY SCHOOLS IN IMENTI NORTH DISTRICT, KENYA

Eliab Ngotho Wambui

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### ABSTRACT

The last two decades had a significant number of research works carried out on various issues relating to the role of procurement towards enjoying full economies of scale. However, few empirical studies on the role of procurement in educational organizations have been done in Kenya. In an effort to contribute to the existing literature on the role of procurement in the educational organizations performance in Kenya the researcher was interested to conduct a study on educational organizations in Kenya. Specifically, this study examined the role of procurement in educational organizations performance in developing country like Kenya. The objectives of the study was: To investigate the procurement skills of staffs in charge of procurement in educational organization, to establish whether there are procurement plans which are adhered to in the procurement process, to establish whether the procuring units have relationships with the suppliers, and to determine the effects of group buying to individual procuring units. The research used simple random sampling and self administered questionnaire for this study. With a descriptive research design also applied the descriptive statistics which involved use of frequencies, percentages and cross tabulations, while descriptive method of data analysis was used. The sample consisted of 30 public secondary schools in Imenti North District; Meru County which was selected using stratified random sampling and this gave 60 respondents. The study employed both qualitative and quantitative research techniques. Data was collected using both open ended and closed ended questionnaires. The research design for the study used descriptive research and further employed descriptive statistics which involved use of frequencies, percentages and cross tabulation

**Keywords:** *procurement, economies of scale, organizations performance, educational*

### Introduction

According to Public Procurement and Disposal Act (PPDA) Act (2005) "procurement" means acquisition by purchase, rental, lease, hire purchase, license, tenancy, franchise, or any other contractual means, of any type of works, services or supplies or any combination. In service delivery, the system of delivery must view tax payers as customers; this therefore calls for

placing “a high priority on delivery of personalized efficient customer service (Mourney, 1991).” He further noted that attitudes exhibited by service providers employees and managers must be aimed at developing good working relations and ensuring that customers (tax payers/citizens) are handled well while being served.

Performance is the accomplishment of a given task measured against preset known standards of accuracy, completeness, cost, and speed. In a contract, performance is deemed to be the fulfillment of an obligation, in a manner that releases the performer from all liabilities under the contract. Performance management includes activities which ensure that goals are consistently being met in an effective and efficient manner. Performance management can focus on the performance of an organization, a department, employee, or even the processes to build a product of service, as well as many other areas. Performance is also known as a process by which organizations align their resources, systems and employees to strategic objectives and priorities. Performance management describes a technology or a science imbedded in applications methods for managing behavior and results, two critical elements of what is known as performance. (Aubrey Daniels, 1970)

Performance is used most often in the workplace, can apply wherever people interact in schools, churches, community meetings, sports teams, health setting, governmental agencies, social events and even political settings . Anywhere in the world people interact with their environments to produce desired effects. (Armstrong and Baron, 1998) defined it as a strategic and integrated approach to increase the effectiveness of companies by improving the performance of the people who work in them and by developing the capabilities of teams and individual contributors.

It may be possible to get all employees to reconcile personal goals with organizational goals and increase productivity and profitability of an organization using this process. It can be applied by organizations or a single department or section inside an organization, as well as an individual person. First, a commitment analysis must be done where a job mission statement is drawn up for each job. The job mission statement is a job definition in terms of purpose, customers, product and scope. The aim with this analysis is to determine the continuous key objectives and performance standards for each job position.

Following the commitment analysis is the work analysis of a particular job in terms of the reporting structure and job description. If a job description is not available, then a systems analysis can be done to draw up a job description. The aim with this analysis is to determine the continuous critical objectives and performance standards for each job. Managing employee or system performance facilitates the effective delivery of strategic and operational goals. There is a clear and immediate correlation between using performance management programs or software and improved business and organizational results.

A motivated workforce optimizes incentive plans to specific goals for over achievement, not just business as usual, improves employee engagement because everyone understands how they are directly contributing to the organizations high level goals, create transparency in

achievement of goals, high confidence in bonus payment process, professional development programs are better aligned directly to achieving business level goals. Improved management control with flexible, responsive to management needs; displays data relationships, helps audit and compliance with legislative requirement, Simplifies communication of strategic goals scenario planning, provides well documented and communicated process documentation

In development of any organization, performance can be thought of as actual results in comparison to desired results. The variance where actual is less than desired, could constitute the performance improvement zone. Performance management and improvement can be thought of as a cycle: Performance planning where goals and objectives are established; Performance coaching where a manager intervenes to give feedback and adjust performance; Performance appraisal where individual performance is formally documented and feedback delivered

Skills required by purchasing professional have changed due to the role shift of the purchasing function itself. From that of a buyer to that of a professional managing strategic long-term, complex agreement between internal stakeholders and suppliers (Faes et al, 2001); professionals require a complex set of managerial and technical professional skills. These role shifts affect professionals in both developed and developing countries. It affects procurement professionals in central and local government systems as well as those in the public and private sector environments. For purchasing to be at a strategic level, professionals need to possess a set of skills and competencies (Carr & Smeltzer, 2000).

Public Procurement is now a global discipline. Those managing the function at both local and central government levels are required to be global leaders or 'World-Class' professionals. Global leaders have desired mental characteristics which Jokinen (2005) suggests to include optimism, self-regulation, social judgment skills, empathy, motivation to work in an international environment, cognitive skills, as well as acceptance of complexity and its contradictions. The behavioral skills for global leaders include social skills, networking skills, and knowledge.

As part of the efforts to adopt a long term and strategic view of their procurement needs and management, most countries have resorted to turning to their annual procurement plans as a possible 'problem-solver.' However procurement plans are hindered by corruption which diverts decision-making and the provision of services from those who need them to those who can afford them (Langseth, Kato, Kisubi & Pope, 1997).

Strengthening service delivery is a key strategy to achieve the Millennium Development Goals. This includes the delivery of interventions to reduce child mortality, maternal mortality, and the burden to AIDS (Acquired Immuno Deficiency Syndrome), tuberculosis and malaria. Service provision or delivery is an immediate output of the inputs into the health sector, education sector among other sectors. Increased inputs should lead to improved service delivery and enhanced access to services. Ensuring availability and access to services

is one of the main functions of any government. Such services should meet a minimum quality standard (Development Assistance Committee 2005).

In most developing countries, the procurement function is transitioning from a clerical non strategic unit to an effective socio-economic unit that is able to influence decisions and add value (Knight, Harland, Telgen, Thai, Callender, & Mcken, 2007; and Facolta di Economia, 2006). Developing countries in one way or another have reformed their public procurement regulations. The reforms have not been limited to regulations only, but also include public procurement process, methods, procurement organizational structure, and the workforce. The reforms have been as a result of joint effort with various development partners like the World Bank, International Trade Centre (ITC), and World Trade Organization (WTO) which are varying from country to country. Nonetheless, most developing countries are facing a problem of rapid changes in public procurement requirements. The changes are impacting pressure on how the procurement function performs its internal and external processes and procedures in order to achieve its objectives. The ability to realize procurement goals is influenced by internal force and external force. Interactions between various elements, professionalism, staffing levels and budget resources, procurement organizational structure whether centralized or decentralized, procurement regulations, rules, and guidance, and internal control policies, all need attention and influence the performance of the procurement function.

Efficient Public Procurement systems are essential to the achievement of development goals. Public procurement mechanisms are key elements to the overall efficiency of public sector management because they can contribute to a better allocation of resources towards development objectives and improved governance in the public sector. Weak and corrupted procurement systems often lead to a waste of public financial resources and higher transaction costs and, therefore, undermine development efforts.

In line with its commitments under the Paris Declaration, the Bank Group is working together with other development partners in establishing tools and strategies to move towards the use of country systems regarding procurement. For example, in Rwanda, public procurement is estimated at 13% of Gross Domestic Product (GDP) and 40% of public expenditure. In fact, when you do not consider salaries, public procurement accounts for over 66% of public expenditure which could even be higher if you further do not consider public debt repayment.

The mission of the Ministry of Education (MoE) is to provide, promote and coordinate lifelong education, training and research for sustainable development. Since 2003 the Government of Kenya (GoK) has initiated many reforms in the education sector including the introduction of Free Primary Education (FPE). In 2008 MoE increased its support to the public secondary schools by providing some level of funding to support the schools' operational and development expenditure. Some of these resources are used for procurement of books, other educational learning materials and facilities for learning materials.

The Vision 2030 has identified key initiatives/ flagship projects to spearhead the socioeconomic transformation in the country. A key enabler in the delivery of these projects is utilization of an efficient and effective public procurement system. Thus Public Procurement Oversight Authority (PPOA) is expected to play a key role in the development, implementation and regulation of the public procurement system so as to ensure that: the Government gets value for money, Loss of public funds on procurement is minimized, there is optimized resource allocation for the various prioritized government projects and that Procured goods, works and services are delivered on time. Existence of an effective and efficient procurement system will ensure reduction of Government expenditure, reduction in corruption, transparency and accountability in Government procurement processes. This will also facilitate availability of funds to finance other Government projects.

Successful implementation of various flagship projects will contribute towards social-economic development in the country and will also enhance the living standards of the citizens. PPOA therefore has an important role to play in the realization of the Vision 2030, the Medium Term Plan and implementation of flagship projects through ensuring compliance of the provisions of the Public Procurement and Disposal Act, facilitating capacity building for the procuring entities as well as advising on the appropriate policies and regulations towards improvement of public procurement.

### **Problem Statement**

Regardless of the effort by the governments of developing countries, like Kenya and development partners like World Bank to improve performance of the procurement function, public procurement is still marred by shoddy works, poor quality goods and services. Failure to implement or delayed implementation of recommended performance standards has resulted in unnecessarily high operation costs, uncoordinated business activities, and failure to attract and retain experienced and skilled personnel in the procurement positions, thus affecting the function's performance (David, 2002; DCD/DAC, 2003;NSSF, 2005; Atkinson, 2006; and PPDA, 2007). It was reported in 2006 that the procurement functions of most public entities were not complying to set procurement process and performance.

Procurement in institutions in MoE is guided by a public procurement manual for schools and colleges as provided by PPOA. The responsibility of its implementation is placed in the hands of school and college managers who are just required to familiarize themselves with the manual. Students pay school fees, harambees are done to facilitate various development project. It is believed that the education centers are well funded and have a way of mobilizing resources in times of need. Despite all this the education centers are still struggling with debts, incomplete projects, unequipped facilities, and underfunded research etc. This study is aimed at establishing the role of procurement in organizational performance. Procedures leading to irregular and subjective decisions (PPDA, 2006) have had costly consequences for any public entity, and the country at large. It is in the interest of the researchers that financial performance should not be the only measure to conclude the performance of the procurement function thus intangible performances like quality of procured goods and services, timely delivery of orders, customer satisfaction, dependability, flexibility and quality of employees should all be included.

## Literature Review

Dedicated, energetic, and ethical employees are always hard to find, and hiring individuals with special skills is even harder (Lan, Riley & Cayer, 2005). The requirements to educate professionals and equip them with new and higher-level skills have consequently become urgent (Sauber et al, 2008). A skill is the ability either to perform some specific behavioral task or the ability to perform some specific cognitive process that is related to some particular task (Peterson & Van Fleet, 2004). Skills required by purchasing professional have changed due to the role shift of the purchasing function itself. From that of a buyer to that of a professional managing strategic long-term, complex agreement between internal stakeholders and suppliers (Faes et al, 2001); professionals require a complex set of managerial and technical professional skills. These role shifts affect professionals in both developed and developing countries. It affects procurement professionals in central and local government systems as well as those in the public and private sector environments.

PPOA Act,(2005) states that a procurement unit which is established shall be staffed with procurement professionals whose qualifications have been recognized by the Authority. For purchasing to be at a strategic level, professionals need to possess a set of skills and competencies (Carr & Smeltzer, 2000). Governments use public procurement to undertake public works, build roads, provide health care, and provide education and public order (Errigde & McIlroy, 2002). The practitioners who manage this function usually face many challenges (Thai, 2005). The challenges differ among local and central government practitioners but there are a number of similar challenges. For example, professionals in purchasing and supply management have faced a challenging ethical environment (Cooper, Farank & Kemp, 2000); and this will appear in any sector. Of course, it may be high in government procurement environments because of the high risks in the procurement process. In either case, the dynamics, complexity and diversity, characteristic of global environments have led to increasing demands on management and leadership competencies (Jokinen, 2005) demanded of procurement professionals.

Procurement professionals should be responsible for activities, which contribute effectively to the performance metrics of an organization. The modern purchasing managers must emphasize cross-functional interaction with groups outside purchasing. The need to be flexible, adaptive and boundary spanning are therefore important traits for both organizations and individuals (Monczka et al.; 2004, 1998). There has been a realization of the important contribution that purchasing and supply management can have on firm performance (Boyd, 1994, Cousins, Lawson, and Squire, 2006, Humphreys, 2001, Macbeth, 1994). This realization directly influences the skills procurement professionals require (Humphreys, 2001). According to Guinipero, Handfield & Eltantawy, (2006) purchasing professionals need transactional and strategic skills. Transactional skills are required to manage transactional activities like executing transactions with suppliers, using e-systems to obtain standard or indirect items through catalogues, generating and forwarding material releases and managing accounts payable.

Strategic skills are required to manage strategic activities like strategic relationships, developing company-wide electronic systems, developing and managing alliances and partnerships as well as managing critical commodities. According to the authors, the top five skills required to support the strategic role of supply managers included- (1) Team building

skills(leadership, decision-making, influencing and compromising) (2) Strategic planning skills(project scoping, goal setting and execution) (3) Communication skills(presentation, public speaking, listening and writing) (4) Technical skills(web-enabled research and sourcing analysis) and ; (5) Broader financial skills (cost accounting and making the business case).

In similar attempts, Kolchin & Guinipero (1993) proposed three skill areas of business, interpersonal and technical skills important to the procurement function. Business skills include skills of marketing analysis, negotiating with partners, managing internal and external relationships. They also include global sourcing development, change management, and organizational skills. Interpersonal skills include risk taking, written and oral communication, conflict resolution, influence and persuasion, group dynamics, leadership, problem solving, interpersonal and cultural awareness.

Technical skills include cost analysis, product knowledge, computer literacy, total quality management and government legislation. In similar attempt, Murphy (1995) identified four skills important for purchasers, which included- negotiation, management, computer literacy and mathematics. In an interview research, Carr & Smeltzer (2000) identify 35 purchasing skills, which were divided into three categories of technical, behavior and skill techniques.

Public Procurement is now a global discipline. Those managing the function at both local and central government levels are required to be global leaders or 'World-Class' professionals. Global leaders have desired mental characteristics which Jokinen (2005) suggests to include optimism, self-regulation, social judgment skills, empathy, motivation to work in an international environment, cognitive skills, as well as acceptance of complexity and its contradictions. The behavioral skills for global leaders include social skills, networking skills, and knowledge. Purchasing management has a number of resources available to meet its objectives and must work continuously towards improved utilization of these resources.

Globalization has been associated with a major revolution in information and communication technology. There is need for greater reliance on the use of information and on web-based information technology to support purchasing and supply management decision making (Guinipero, Handfield & Eltantawy, 2006). Information and communication technology will continue to play a key role in contemporary organizations (Eriksson-Zetterquist, et al; 2009).

Writing from a financial perspective, Storer and Rajang (2002) observed that the structural changes that had affected organizations increased the importance of technical skills, risk management skills, IT skills, business awareness and behavioral skills.

Professions are an open, ecological system in which individual professions exist in interdependence. In day-to-day practice, professionals mobilize a variety of resources both tangible and abstract (Lamont & Molnars, 2002). Competencies reflect certain traits, behaviors, skills, values and knowledge (Jokinen, 2005). Public procurement professionals in modern times should have global competencies. In this study, the contextualized skills required by local government procurement professionals were examined taking Uganda as a case of reference. The perceptions of procurement professionals themselves on the skills required for effective performance of the procurement process in a local government changing environment was the interest of the study.

As suggested by Olsen and Ellram (1997), the links between the characteristics of the relationship such as trust, cooperation, and the performance of the relationship need further

research. Considering the key issues discussed earlier, five prominent dimensions of the buyer-supplier relationship: trust, communication, interpersonal relationship, cooperation, and power-dependence.

Trust indicates “a person’s reputation for trustworthiness on both a professional and personal level as well as credibility in a business situation” (Woo & Phrud’homme 1999). According to Sullivan and Peterson (1982), the essence of trust is described as “...where the parties have *trust* in one another, then there will be ways by which the two parties can work out difficulties such as power conflict, low profitability, and so forth.” Trust leads retail buyers and sellers to the focus on long-term benefits of the relationship (Ganesan 1994), and eventually enhance the performance outcomes in buyer-supplier relationships, including firm competitiveness and transaction costs reduction (Noordewier et al. 1990). Doney and Cannon (1997) indicated that trust influences long-term relationships, while Morgan and Hunt (1994) found trust has the strongest effect on achieving cooperation in relationship. Anderson and Weitz (1989) demonstrate the evidence that trust is key to maintaining continuity in conventional channel relationships. Furthermore, Siguaw et al. (1998) concluded distributor trust is related significantly and positively to both cooperative norms and distributor satisfaction with financial performance.

Owing to the risk of seasonal and short product life, small firms are naturally inclined to reduce inventory carrying costs and maximize profits from the products provided by the suppliers. Many companies have perceived the importance of substituting information for inventory as a potentially powerful source of competitive advantage (Spekman et al. 1999). Therefore, effective communication plays a critical role in social and business relationships. Anderson and Narus (1990) define communication as “the formal as well as informal sharing of meaningful and timely information between firms.” Cannon and Perreault (1999) suggest more open sharing of information is indicated by the willingness of both parties to share important information. However, lack of trust can be translated to unwillingness to share information (Fawcett and Marnan 2001), and can make it difficult to share sensitive information such as financial data, especially in Asian business (MOEA 1999).

Mavondo and Rodrigo (2001) bring up the issue of difficulties in cross-cultural communication and information sharing as they can be a significant obstacle to business. Effective communication in channel relationships can enhance levels of channel member coordination, satisfaction, commitment levels, and performance (Goodman and Dion 2001; Mohr and Nevin 1990). In fashion apparel industry, frequent communication between retailers and suppliers can expedite quick and accurate response to volatile market, and reduce the costs and impact of inaccurate forecasts (Fisher et al. 1994). With the presence of trust and support, channel members are more willing to pass information upward and promote bidirectional communication (Blair et al. 1985). Consequently, it will help better match supply with demand and increase profitability for channel members. On the other hand, under unequal power relationship a less powerful channel party has a tendency not to provide information and feedback to more powerful ones (Blair et al. 1985). Thus, the restricted information flow will impede the channel relationships and affect the supply chain performance as well. Effective communication is crucial to maintain a long-term buyer-relationship and achieve high performance (Mohr and Nevin 1990; Morgan and Hunt 1994).



Anderson and Narus (1990) define cooperation as “similar or complementary coordinated actions taken by firms in an interdependent relationship to achieve mutual or singular outcomes with expected reciprocation over time.” Cooperation between the exchange parties reflects the expectations of working together to achieve mutual and individual goals jointly (Cannon and Perreault 1999). The cooperative inter-business relationship is primarily based upon personal trust between business parties. Most businessmen say that the most reliable sources of information come from close relationships within and among business organizations. Without close relationship, the suppliers or buyers are not willing to share information and have less intention to cooperate. Ambler et al. (1999) state that active cooperation plays a role in export sales growth. Previous research on channel distribution has suggested that there is a positive relationship between cooperation and satisfaction (Anderson and Narus 1990; Skinner et al. 1992). Cooperation between channel members will increase channel efficiency and help members attain their mutual goals.

The issue of power is closely associated with the nature of dependency in business relationships. Gaski (1984, ) pinpointed the roles of power and dependence in channels of distribution by noting that “channel member dependence and sources of power in marketing channels are conceptually inseparable,” and “dependence is a component or dimension of these power sources rather than a separate phenomenon.” Brown et al. (1995, p364) define marketing channel power as the ability of one channel member (e.g. supplier) to control the decision variable in the marketing strategy of another member at a different level of distribution (e.g. retailer). Power plays a significant role in the supply chain, and the different sources of power have differing impact on inter-firm relationships and the performance of the entire supply chain (Maloni and Benton 2000). Several studies on power have shown that channel power has significant impact on the buyer-supplier relationship and performance in channel distribution (Etgar 1978; Gaski and Nevin 1985; Lee 2001; Liu and Wang 2000; Maloni and Benton 2000; Skinner et al. 1992).

According to Agaba & Shipman, (2007), procurement planning is the process used by companies or public institutions to plan purchasing activity for a specific period of time. This is commonly completed during the budgeting process. Each year, departments are required to budget for staff, expenses, and purchases. This is the first step in the procurement planning process. Economic Commission of Africa (2003) defines procurement planning as the purchasing function through which organization obtain products and services from external suppliers. A good procurement plan will go one step further by describing the process you will go through to appoint those suppliers contractually. Whether you are embarking on a project procurement or organizational procurement planning exercise, the steps will be the same. First, define the items you need to procure. Next, define the process for acquiring those items. And finally, schedule the timeframes for delivery.

Procurement is thus one part of the commissioning process. It refers to a specific method of purchasing services which involves tendering for a contract. Sometimes it is more appropriate for a public body to fund a service through the provision of a grant, but then it will have less control over the precise outcomes to be delivered. Procuring entities shall use creative approaches, such as design and build in order to enhance efficiency of the procurement process and project implementation (PPOA Act 2005).

There is now very limited doubt among policy makers, managers, professionals and academicians about the role of public procurement planning in facilitating government operations in both developed and developing countries (Goh, Lau & Neo, 1999). Public procurement is increasingly recognized as a profession that plays a significant role in the successful management of public resources.

According to PPDA Regulations (2006), Each user department should prepare a multi-annual rolling work plan for procurement based on the approved budget, which is submitted to the procurement and disposal unit to facilitate orderly execution of annual procurement activities. A procurement plan is integrated into the annual and multi-annual sector expenditure programme to enhance financial predictability, accounting and control over procurement budgets. A procurement and disposal unit uses the combined work plan to plan, organize, forecast and schedule the procuring and disposing entity's procurement activities for the financial year, section 96 of the PPDA regulations (2006).

It is the role of each entity in the local government to define its procurement requirements, identify all of the items they need to procure (Agaba & Shipman, 2007). Creating a sound financial justification for procuring them, listing all the tasks involved in procuring their services, scheduling those tasks by allocating timeframes and resources. Through a Procurement Plan template, the procuring entity can quickly and easily define its procurement requirements, the method of procurement and the timeframes for delivery (Basheka, 2008).

The aggregation of requirements takes into account, the market structure for the items required, items which are of a similar nature and which are likely to attract the same potential bidders, the optimum size and type of contract to attract the greatest and most responsive competition or the best prices, items which are subject to the same method of procurement and bidding conditions, items which shall be ready for bidding at the same time, items which shall be subject to the same conditions of contract, potential savings in time or transaction costs, the appropriate size of contract to facilitate the application of any preference and reservation schemes, and the optimum number and size of contracts to facilitate management and administration of contracts by the procuring and disposing entity.

It is the role of the procuring entity to divide requirements allocated to a single procurement process into separate lots if it is anticipated that the award of several separate contracts would result in the best overall value for the procuring and disposing entity. Where a number of lots are to be procured under the same procurement process, the solicitation documents shall clearly state; the number of lots included in the procurement process, the nature and size of each lot, the minimum and maximum number of lots, if any, for which a bidder may bid, the proportion of each lot for which a bidder may bid, or whether a bid shall be for complete lot and the method of evaluating multiple lots.

(Mawhood, 1983) contends that during procurement planning, the procuring unit brings about effective integration of the diverse decisions and activities of members on the technical planning committee not only at a point of time but also over a period of time. It is by reference to the framework provided by planning that members on the technical planning

committee make major decisions on local government activities, in an internally consistent manner.

In estimating the value of the works, services or supplies required and confirming the availability of funds, a procuring entity shall ensure that the estimate is realistic and that- the estimate is based on up-to-date information, technical advice is sought, where required, and the confirmation of availability of funding takes into account the total acquisition cost in accordance with regulation 227 of the PPDA Regulations (2006).

During procurement planning the accounting officer ensures that the public entity establishes a procurement unit, appoints members of the tender committee, procurement committee and other, structures in accordance with Act and the Regulations. Appointing members of the tender committee, appointing members of tender evaluation committees, Ensuring procurement plans are prepared, Ensuring proper documentation of procurement proceedings. Where payment to a service provider is anticipated to last more than one financial year, it is the role of the accounting officer to ensure that financial provision is made in the budget estimates for the appropriate year to support the procurement during the subsequent years. The accounting officer also ensures that sufficient funds are budgeted for framework contracts every financial year, to cover the full cumulative cost of call off orders anticipated for each year for a framework contract

Another reason is that the on-line companies are not able to get the competitive prices. Although there have been numerous publications on procurement and auctions, there have not been many on group-buying, because of its relative newness in the operations research community.

Matsuo and Ito (2002) recognized that group-buying sites are not effectively capturing buyers' preferences during the shopping process. To resolve this, they proposed a decision support system for group-buying using the Analytical Hierarchical Process (AHP) method to calculate each user's utilities for each good. Based on the pair wise comparison matrix resulting from AHP, their model selects the most desired alternative for the group's users.

Ito *et al* (2002) looked at agent-mediated electronic markets in a group-buying framework. The agents are virtual entities with artificial intelligence that enable collaboration between buyers and sellers. Their group-buying mechanism enables buyers and sellers to enter into a market at various times. The two important characteristics of their scheme are that it considers for each item a deadline by which it must be sold, and that it allows for the exchange of supply between sellers in case of a shortage.

Kauffman and Wang (2001) created a regression model to analyze the changes in the incoming orders based on various factors. Based on data from Mobshop.com's group-buying site, they showed that customer behavior, measured by the number of new incoming orders, is significantly effected by the existing orders in the group-buying system, by the end date of the sales event, by customers' anticipation of lower prices in the next period, and by the time of day. In a fairly comprehensive survey, Kauffman and Wang (2001) analyzed twelve on-line group-buying companies from a business model perspective

### Methodology

In this study descriptive research design was employed. The target population for the study included public secondary schools in Imenti North District which are 40 in number. The researcher obtained a list of the 40 public secondary schools in Imenti North District and then wrote on a piece of paper numbers up to 40. And since the target population was 30 schools were noted as Yes and the 10 schools as No . In order to meet the study`s main aim, a simple random sampling was drawn so as to arrive at a sufficiently large number of responses for each of a significant number of relatively different public schools. This study employed both open- ended and closed-ended questionnaires. The data was collected using well constructed questionnaires. To increase the reliability of the data collected the researcher employed test- retest techniques in which the instruments was administered twice to the same subjects. The pilot test of the instruments was done to a sample of bursars and deputy school heads to ensure that the desired data or results are obtained. The researcher analyzed that data to make sense. Collected data was analyzed using descriptive statistics. This helped to measure the various variables of the study. Coding was done to classify the answer to bring out their essential pattern. The researcher used SPSS (Statistical Package for Social Statistics) to generate frequency distributions using descriptive statistics in order to examine the pattern of the responses. The findings are presented inform of tables, frequencies and percentages so as to bring out the relative differences of values.

### Discussion and Findings

From the 40 targeted supplies staff in the fifty public secondary schools in North Imenti that were surveyed, a majority (72%) were male while the remainder was female. None of the supplies staff interviewed for purposes of this research were trained on procurement. All the members of supplies staff in the thirty secondary schools in North Imenti surveyed were educated past Diploma qualifications.

Clearly the vast majority of supplies professionals in the thirty secondary schools in Imenti North have not received any form of training in procurement. They rely on the public procurement manual for schools and colleges provided by PPOA. All the sampled members felt the need for skills upgrade form of skills upgrade.

Most members of staff believed that inadequate policy framework other than money was an issue in improving procurement in public secondary schools in Imenti North. There is no clear administrative guideline to handle on the necessary accounting and logistical procedures group buying, buyer supplier relationship.

The entire respondent admitted the need for additional procurement skills to carry out their roles of procurement in an effective and efficient manner.

It appears that there is a satisfactory depth of experience and working knowledge of supplies management and procurement i.e. based on duration of employment. However, there is a need for regular in-service training of workers to ensure they stay ahead of the continuous changes occurring globally in the practice.

The skills of trained procurement personnel will ensure adherence to procedures, taking lesser time and saving on cost. A lot of time is wasted making references to the procurement

manuals availed by the MoE. Trained procurement officer becomes an authority and plays an advisory role to secondary schools on the best time to buy and from what sources. They will assist in coming up with the specifications of the various products required by their respective institutions

Procurement plans help in achieving maximum value on expenditure for the goods, services and works procured. The plan helps in supplier evaluation in relation to price, compliance to specifications, quality and after sale services. The procurement plan acts as a guide that sets in motion the entire process of acquiring goods and services.

The schools express the standards and service level agreements to be observed by the suppliers. The secondary schools procurement team believe that quality, service excellence, and cost advantages are best achieved when schools collaborate with their suppliers towards achieving common goals with a mutual benefit. Incentives are created for the suppliers to encourage true commitment and participation in meeting the schools needs. Penalties are also meted for non compliance to the service agreements

The practice is yet to be adopted in the procurement processes in public secondary schools in North Imbenti. The arrangement is not long term in nature and there are fears of losing in the long run. There is absence of a policy framework to guide the practice. Not all arrangements will turn to be cheap and give the desired quality of goods, service and works.

### **Conclusions**

Procurement in public secondary schools is taken as a secondary role by those practicing in other professions i.e. bursar, accountants and teachers. To get the maximum worth of every shilling spent in public secondary schools procurement must play a strategic role in decision making and development of procurement plans. The benefits of buyer supplier relationship, group buying and other leading procurement concepts can only be realized when public secondary schools have procurement professional take charge of the procurement processes.

### **Recommendations**

The MoE in liaison with PPOA should develop a Policy framework to guide group buying, buyer supplier relationships in public secondary schools. PPOA should develop regulations stipulating the basic requirements in training and accreditations for those practicing procurement in public secondary schools. Due to financial constraints the secondary schools bursars' job description should be enriched to capture procurement. Their qualifications should include both accounts and procurement skills. Public procurement should be included in the curriculum of bachelor of education graduates as a common course because of their high probability of sitting in the procurement committees in secondary schools.

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