### INFLUENCE OF ELECTRONIC PROCUREMENT IMPLEMENTATION ON PROCUREMENT PERFORMANCE OF MIGORI COUNTY GOVERNMENT, KENYA

BY

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# A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT FOR THE REQUIREMENTS OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION

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## DECLARATION

This research project is my original work and has not been presented to any other examination body.

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This research project has been submitted for examination with my approval as the University supervisor.

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I acknowledge the Almighty God for His invaluable support and provision.

# DEDICATION

I dedicate this work to my Mother Ellen Ojiwa, my beloved wife Lencer Osano, my children

Michael Davis, Melisa Akinyi and my brother Joseph Midira.

#### ABSTRACT

Public procurement has evolved overtime by integrating information technology and internet to carry out all functions of procurement including; search, sourcing, negotiation, ordering, receipt, and post-purchase review. E-Procurement is one of the reforms that the government of Kenya has taken initiative to implement and enhance public procurement operations, reduce costs and increase efficiency. Migori County government is one of county governments struggling with e-procurement implementation. This may be due to ICT infrastructural cost, lack of top management support and capacity building needs. It was noted from empirical researches that public entities were not ready to fully implement e-procurement system. Despite all these, not much has been done to gauge the level of influence of e-procurement on procurement performance. The purpose for this research was to study the influences of electronic procurement implementation on the performance of Migori County Government. The specific objectives were: To determine the level of influence of ICT capital infrastructure on procurement performance; to determine the level of influence of top management support on procurement performance and to assess the level of influence of staff capacity building on procurement performance of Migori County government. This research was guided by a conceptual framework where the dependent variables was procurement performance whereas independent variable were ICT capital infrastructure, top management support and staff capacity building. The study was anchored on Technology Acceptance Theory, Innovation Diffusion Theory and the Theory of Planned Behavior. Correlational research design was used. Census survey method was used on a total of the 80 employees out of 90 since 10 were used for pilot study. Primary data was collected through a structured questionnaire. Validity was gauged using research supervisor's criticism while reliability was tested using test retest and an r=0.825 showed good consistency.

Regression results revealed that influences of e-procurement implementation together with explained 16% of the variance in procurement performance (Adj.  $R^2$ =.0127) with standard error of the estimate at 1.112. Additionally availability and use ICT capital infrastructure, e-procurement system ease of use and training and top management support had a positive predictors of e-procurement performance: Availability and use ICT infrastructure ( $\beta_1$ = 0.131, p>0.05) top management support ( $\beta_2$ = 0.382, p>0.05) and ease of use and training ( $\beta_3$  = 0.033, p<0.05). The study concluded that ICT capital infrastructure has a positive insignificant influences on procurement performance, top management support had significant positive influence on procurement and staff capacity building had insignificant positive influence on procurement performance of top management support to procurement performance since it had a positive significant influence on the overall performance.

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#### OPERATIONAL DEFINITION OF TERMS

Procurement performance: Performance provides the basis for an organization to assess how well it is progressing towards its predetermined objectives, identifies areas of strengths and weaknesses and decides on future initiatives with the goal of how to initiate performance improvements.

Top Management support: Top management role and support are very crucial in an organization procurement performance. The success of organization depends upon manager's ability in utilizing the resources for achieving the pre-determined goals.

Electronic procurement: refers to the use of internet based information and communication technologies to carry out all functions of procurement.

E-ordering: refers to a as web-based electronic resource planning for creating and approving purchasing requisitions, placing purchase orders as well as receiving goods and services ordered, by using a software system based on Internet technology.

E-Sourcing: this the process of identifying new suppliers for a specific spend category, using Internet technology (usually the Internet itself).

E-tendering: is the process of sending request for proposals to suppliers and receiving the responses of suppliers back, using Internet technology. Usually e-tendering is supported by an e-tendering system.

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# ABBREVIATION AND ACCRONYMS

ANOVA	Analysis of Variance
E-Procurement	Electronic procurement
ICT	Information and Communication Technology
ERP	Enterprise Resource Planning
E-Souring	Electronic sourcing
E-tendering	Electronic tendering
E-Auctioning	Electronic Auctioning
E-Reverse Auctioning	Electronic reverse auctioning
E-payment	Electronic payment
PPDA	Public Procurement and Disposal Act
PPOA	Public Procurement Oversight Authority
RFP	Request For Proposal
TAM	Technology Acceptance Model
DOI	Diffusion of Innovation
IT	Information Technology
SPSS	Statistical Package for the Social Scientist
TPB	Theory of Planned Behavior

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#### **CHAPTER ONE: INTRODUCTION**

This chapter highlighted the background of the study, statement of the problem, study objectives, study of specific objectives, study hypotheses, significance of the study, scope and limitations of the study and conceptual framework in relation to influence of electronic procurement implementation on procurement performance.

#### 1.1 Background of the Study

Electronic procurement refers to the use of internet based information and communication technologies to carry out all functions of procurement including; search, sourcing, negotiation, ordering, receipt, and post-purchase review (Mose, Njihia & Magutu, 2013). In today's dynamic global business competition scenario, web based technology is essential for all countries including Kenya. Migori County government is one the 47 counties located in western Kenya region in the republic of Kenya is trying to explore the use of ICT, top management involvement and ensures user involvement in electronic procurement implementation to enhance their competitiveness as well as to improve service delivery.

Electronic procurement implementation takes various forms which are integrated together to function comprehesively. The first form is e-sourcing which refers to the process of identifying new suppliers for a specific spend category, using Internet technology (usually the Internet itself). By identifying new suppliers a purchaser can increase the competitiveness in the tactical purchasing process for this spend category. E-sourcing is a way of decreasing the supply risk associated with this spend category (Kraljic, 1983). With e-marketplace , the buyer is in control as open marketplaces enable purchasers to evaluate all potential suppliers for a particular product or service and make informed decisions regarding what and when to buy. The e-marketplaces is significant whwre markets are large and the search cost to find suppliers are high because of large number of potential suppliers. It also supports product specifications and information are subject to rapid changes E-ordering this the first form of e-procurement.

The second form is e-ordering- which refers to a web-based ERP process of creating and approving purchasing requisitions, placing purchase orders as well as receiving goods and services ordered, by using a software system based on Internet technology. In the case of e-ordering the goods and services ordered are indirect goods and services. The e-catalogue provides information on products and services offerred and sold by a vendor and support online ordering and payments capabilities. The supporting software system (an ordering catalog system) is usually used by all employees of an organisation. In the case of web-based ERP the

goods and services ordered are product-related. These are called direct goods and services. Usually only the employees of the purchasing department (or the planning department) are using the supporting software system (a web-based ERP-system (Enterprise Resource Planning). It maybe clear that ordering of indirect goods and services usually takes place on an ad hoc basis, whereas ordering of direct goods and services usually is plan-based. Kraljic, P. (1983).

The third form is E-tendering which is the process of sending request for invoices and purchase orders to suppliers and receiving the responses of suppliers back, using Internet technology. Usually e-tendering is supported by an e-tendering system. Often the e-tendering system also supports the analysis and assessment of responses. E-tendering does not include closing the deal with a supplier. As a matter of fact, e-tendering smoothens a large part of the tactical purchasing process (Van Weele, 1988), without focusing on the content (i.e. spend category) of that process.

The fourth form is E-Actioning and E-Reverse Auctioning: An e-auction refers to an electronic market , which can exist in both business-to-business and business to- consumers contexts. Sellers offer goods or services to buyers through a website with a structured process for a price setting and fullfillment. E-reverse auctioning is the Internet technology based equivalent of reverse auction. In reverse auctioning, buying organisation post the items they wish to buy and price they are willing to pay while suppliers compete to offer the bset price for the items over a prescribed period of time. Usually e-reverse auctioning focuses on the price of the goods and services auctioned. In most cases, other criteria are neglected during the e-reverse auction. Of course, other criteria can be used in a previous phase in order to determine which suppliers should be invited to join the e-reverse auction. E-reverse auctioning does really close a deal between a buying organization and a supplier, if parties agree on the price. The e-reverse auction benefit the buyer through reductions in acquisition leadtime, it enables the buyer to access a wider ranges of suppliers and enhanced market information. It also benefits the suppliers through ensuring reduced negotation timescales and provide a good source of market pricing information. Kraljic, P. (1983)

E-payments may be by a standalone method, as with a purchasing card, or incorporated into software system. It enables an electronic order for goods and services to be sent to a trading partner, it ebales an electronic receipts to be held and linked to the order of goods and services as well as sending of an invoice. The order, receipt and invoice are matched online, generating

an electronic message authorising the processing of payments that is to be sent the trading partners. Kraljic, P. (1983)

Electronic procurement is used as a means to reduce costs, as it enables volume of purchases, allows wider choice of buyers and suppliers, brings about better quality, improves delivery, reduces paperwork and lowers administrative costs for both private and sectors for effective and efficient supply chain management. County government being part of the public entities procures goods and services according to Public Procurement and Disposal Act 2015 (PPDA 2015). Therefore absence of ICT infrastructure to provide internet affect electronic procurement implementation.

Migori county government is among the county governments in Kenya with e-procurement implementation challenges. More than 50% of procurement processes in Kenya's public procuring entities are carried out manually including Migori County. The manual processes are costly, slow, and inefficient and data storage and retrieval is poor. Malela (2012).

Procurement processes in public institutions including county government are still manual with the internet only being used for e-mails and web browsing. (Public Procurement Oversight Authority, 2013).

Today, Migori County Government is in the process of combating with rapid procurement reforms and adoption of new technological innovation to enable it meet the competitive edge for globalized business environment. Despite the advent of internet and ICT applications compelling County governments to shift their operations from traditional way to e-procurement there are influential factors that affect implementation on procurement performance in Migori County. (Geoffrey, Muma, Eunice Waruguru, 2015).

Migori county government seems to have partially implemented e-procurement. ICT capital infrastructure influence is one of the aspect that this study explores on it impedes implementation. It involves the assessment of: cost implication, slow internet speed, unsuitability of software platforms and lack of strategic system integration and interoperability. (Kamel, 2014).

Additionally, employees' capacity and compliance regarding electronic procurement implementation influence may contribute procurement performance. This research project explored the extent to which new technology acceptance and use on employees play a significant role in e-procurement implementation and performance (Ghazizadeh S., 2012).

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#### 1.2 Problem statement

Traditionally, the county governments in Kenya have been implementing a manual procurement processes which were too slow to meet competitive demand of stakeholders. In order to cope with emergence of new technology in procurement processes the government has instructed implementation of electronic procurement in all counties as one of the reforms to enhance efficiency and effectives in public procurement operations in line with Public procurement and disposal Act (PPDA 2015) and international standards. The current situation in Migori County suggest that electronic procurement implementation is not fully compliant evidenced by poor internet connectivity. The influences that seems to possibly to impede implementation includes poor ICT equipment limiting access and use by county government staff that result into attitude and fear. Additionally, lack of public procurement professionals and other stakeholders in design of county e-procurement system seemed to retard eprocurement implementation too. It is noted from past researches that public entities are not ready to implement e-procurement system. It is further noted that assessing needs prior to eprocurement implementation is very key. Despite all these, not much has been done to gauge the level of influence of electronic procurement on procurement performance. This research is therefore designed to study the influences of electronic procurement implementation on the performance of Migori County Government.

### 1.3 Study Objectives

The general objective of the research was to study the influence of electronic procurement implementation on the performance of Migori County Government.

#### 1.3.1 Specific objectives

- i. To determine the level of influence of ICT capital infrastructure on procurement performance of Migori County government.
- ii. To determine the level of influence of top management support on procurement performance of Migori County government.
- iii. To assess the level of influence of staff capacity building on procurement performance of Migori County government.

Hypotheses

- HO<sub>1</sub>: ICT capital infrastructure has no significant influence on procurement performance of Migori County government.
- HO<sub>2</sub>: Top management support has no significant influence on procurement performance of Migori County government.
- HO<sub>3</sub>: staff capacity building has no significant influence on procurement performance of Migori County government.
- 1.5 Justification of the Study

This research is of great importance to policy makers, opinion leaders and stakeholders in county governments to know the influences of electronic procurement on procurement performance. For instance how ICT capital infrastructure, top management support and staff capacity building influences procurement performance of County governments. The recommendations and conclusion when put in place will improve procurement performance in purchasing function hence promote procurement efficiency and effectiveness. Future researchers who want to carry out research on the topic will find important information regarding influences of electronic procurement on procurement performance from the research findings.

### 1.6 Scope and Limitations of the study

The scope of this research was carried in Migori County Government. The study was carried out to analyze influences of implementation of electronic procurement on procurement performance of Migori. The study included 80 staff (IT, Procurement, Finance and Accounts) who directly interact with e-procurement implementation in Migori County government departments.

# 1.7 Conceptual framework

Below is the conceptual framework design of concepts or theories which were put together as a map for this research project and to indicate the relationship between the dependent and independent variables.

Independent variable in the conceptual framework above include ICT capital infrastructure, top management support and staff capacity building whereas dependent variables include Cost reduction, Timely delivery of quality Commodities, Better contract and vendor management and Certainty of right supplies.

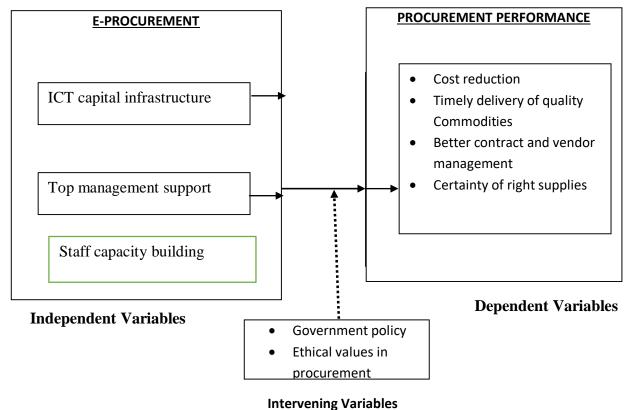


Figure 1.7.1 Conceptual framework for e-procurement and procurement performance

Source: Self conceptualization (2017)

Interplay among study variables

The ICT capital infrastructure laid out the technology backbone of e-procurement implementation hence create enabling environment for better communication for contract and vendor management, timely and certainty of right supplies hence contributes to procurement performance. Top management support influences internal e-procurement operations in engagement of vendors to negotiate on reasonable cost, appropriate lead time, quality supplies and timely deliveries. Staff capacity building in ICT and use of e-procurements facilitates better understanding and performance of vendor negotiations, timely delivery of right commodities within acceptation government standard of operations.

#### **CHAPTER TWO: LITERATURE REVIEW**

This chapter reviewed both theoretical and empirical literature studies and summary of literature gaps in relation to work performance of electronic procurement implementation globally and locally by various stakeholders. The theories which relates this study includes: Technology Acceptance Theory and Innovation Diffusion Theory and Theory of Planned Behavior. The above theories are discussed below:

This chapter reviewed both theoretical and empirical literature and conclude with summary of literature gaps.

#### 2.1.1Technology Acceptance Theory

The theory was very relevance to the study since the models showed systematic process on how users come to accept and use a technology to support decision making, planning communication. This theory is based on two assumptions; perceived usefulness of the system such us; improved performance, enhanced productivity, effectiveness and efficiency in operations etc. and the perceived ease of use of the new systems such as ease to learn; ease to use, ease to control and ease to remember (Fred Davis, 1989). Thus, this theory postulates that acceptance and use of new technology in e-procurements will improve procurement performance in Migori County.

#### 2.1.2. Innovation Diffusion Theory

Diffusion of Innovation (DOI) Theory, developed by E.M. Rogers in 1962, is one of the oldest social science theories. It originated in communication to explain how, over time, an idea or product gains momentum and diffuses through a specific population or social system. Adoption of a new idea, behavior, or product does not happen simultaneously in a social system; rather it is a process whereby some people are more apt to adopt the innovation than others.

Innovation Diffusion Theory categorize adopters of innovation into five categories namely: innovators - individuals who want to be the first to try the innovation; Early Adopters - people who represent opinion leaders; Early Majority - individuals who need to see evidence that the innovation works before they can adopt it; Late Majority- these are skeptical individuals who only adopts an innovation after it has been tried by the majority and finally Laggards -

individuals who are very skeptical of change and are the hardest group to involve in the innovation process. This theory is significant as it attempt to explain about the extent to which people adopt new technology and implement especially the e-procurement implementation would be embraced among the Migori county government staff.

#### 2.1.3 The Theory of Planned Behavior

The Theory of Planned Behavior (TPB) started as the Theory of Reasoned Action in 1980 to predict an individual's intention to engage in a behavior at a specific time and place. The theory was intended to explain all behaviors over which people have the ability to exert self-control. The key component to this model is behavioral intent; behavioral intentions are influenced by the attitude about the likelihood that the behavior will have the expected outcome and the subjective evaluation of the risks and benefits of that outcome.

The TPB states that behavioral achievement depends on both motivation (intention) and ability (behavioral control) that influences e-procurement implementation. It distinguishes between three types of beliefs - behavioral, normative, and control. The TPB is comprised of six constructs that collectively represent a person's actual control over the behavior. The first one is attitudes which refers to the degree to which a person has a favorable or unfavorable evaluation of the behavior of interest. It entails a consideration of the outcomes of performing the behavior. The second one is behavioral intention which refers to the motivational factors that influence a given behavior where the stronger the intention to perform the behavior, the more likely the behavior will be performed. The third one is subjective norms which refers to the belief about whether most people approve or disapprove of the behavior. It relates to a person's beliefs about whether peers and people of importance to the person think he or she should engage in the behavior. The fourth one is social norms which refers to the customary codes of behavior in a group or people or larger cultural context. Social norms are considered normative, or standard, in a group of people. The fifth one is perceived power - This refers to the perceived presence of factors that may facilitate or impede performance of a behavior. Perceived power contributes to a person's perceived behavioral control over each of those factors. The sixth one is perceived behavioral control - This refers to a person's perception of the ease or difficulty of performing the behavior of interest. Perceived behavioral control varies across situations and actions, which results in a person having varying perceptions of behavioral control depending on the situation.

### 2.2 Empirical Literature Review

### 2.2.1 ICT capital infrastructure on procurement performance

E-Procurement refers to the use of internet-based (integrated) information and communication technologies (ICT) to carry out individual or all stages of the procurement process. Benefits of e-procurement can be derived if information technology equipment are available and used appropriately to offer: smoother and faster process flow, efficient distribution of information, decentralization of tasks and decisions, increased transparency and better control in public procurement in an organization.

A study by Geoffrey Rotich, Muma Bernard, Eunice Waruguru, (2015) on Relationship Between E-Tendering and Procurement Performance among County Governments in Kenya, the study showed that Enterprise Resource Planning as a component of ICT infrastructure was a significant determinant of change in procurement performance. In their study they also discovered that better performance in county governments can be realized when e-procurement implemented in all stages of the cycle of procurement system.

Mahalik (2012) study reveals that e-procurement improves operational processes at the same time allows management of better operations. Even though e-procurement is costly and requires significance ICT capital investments, it improves overall effectiveness.

A study by Aman & Kasimin (2011) on e-procurement implementation: a case study of Malaysia Government was carried out in order to understand the challenges of e-procurement implementation in the Government sector. The findings showed that challenges of e-procurement implementation in Government sector were due to ICT related factors such as information technology (IT) infrastructure.

#### 2.2.2 Top Management Support on Procurement Performance

A study by Teo (1998) showed involvement and support from top management is very candid to ensure that resources needed to embrace e-procurement implementation use are made available and to overcome any emanating resistance to change. According to study by Grandon & Pearson (2004) also showed that lack of top management support may result in failure of e-procurement implementation.

A study by Ndiritu (2015) showed that top management commitment helps in building trust within the employees by buying the idea of quality, technology and employ the strategies in their daily e-procurement activities within the organization result in better performance.

A study by Panda & Sahu (2012) on Promoting transparency and efficiency in public procurements: e-procurement initiatives by Government of India, the findings showed that e-procurement strongly depend on the county government top management and internal users commitment to support information flow process quality, logistics fulfilment quality and e-procurement satisfaction performance. The success of supply chain management depend on the flow and sharing information from one organization to another.

#### 2.2.3 Staff Capacity Building on Procurement Performance

Jones & Grimshaw (2012) did a study on Training and skills to improve innovation in firms. The findings showed that top manager's core focus is on developing skills and capacity of the employees on e-procurement by engaging them in training programs which are specially designed to increase the productivity and quality of goods and services.

Orina (2013) did a study on e-procurement readiness factors in Kenya's Public sector to determine the extent of e-procurement levels in public institutions in Kenya. The results of the study also indicated that resistance to change, lack of enthusiasm, staff skills, and to some extent procurement policies impacted the readiness of e-procurement in public institutions. The study findings also showed that better procurement performance can be realized when the following main e-procurement readiness factors are well accomplished: technology, organization's finance, leadership and integrity, legal framework and technical preparedness, international law and employee attitude, procurement policy and national procurement law, e-procurement adoption and staff I.T adequacy, online marketplace and government support.

E-procurement results into reduced transaction time and standardization of procurement processes through use e-catalogue to compare products and prices on on-lines basis. This results into on-time delivery, reduced cost of procurement, wide source of suppliers, improved buyer- supplier relationship, high profitability and increased firms' competitiveness. (Otieno, Muthoni and Mungai 2013).

E-procurement also ensures greater access to suppliers via e-procurement portals where buyers have access to suppliers around the globe, which translates into a wider selection of goods and services. Global operability which involves e-procurement applications utilities like support to multiple languages and currencies, as well as international financing, taxation, and shipping regulations. Additionally, ease of configurability and scalability of web-based procurement applications, which are customized to meet the unique needs of buyers and sellers, be diversified and expanded for market base for the county government's vendors. Therefore e-procurement technology reduces corruption in government procurement through elimination of direct human interaction on bidding and other work and services. (Neupane, Soar, Vaidya, and Yong, 2012).

E-procurement is associated with increased efficiency, lower transactional costs, reduced corruption, enhanced control and monitoring of public procurement process. When e-procurement system is fully implemented, the county government is expected to realize reduce lead time, greater selection of goods and services from trading communities. Hunja, (2014).

An e-procurement processes requires regular transaction on long term basis through negotiated contracts with selected customers hence accurate of information between the trading partner's efficiencies Devaraj, Vaidyanathan, Mishra (2012).

Integration of suppliers and customers has improved over the years but challenges still exist for smaller manufacturers as lack of necessary information technology and financial resources required to adopt e-procurement technology. (McNally, 2013).

#### 2.3 Summary of Literature Review

In regard to ICT capital infrastructure on procurement performance: In regard to top management support on procurement performance: Derang' et al. (2012) study addresses useful of information in an e-procurement system but failed to address ICT infrastructure cost influence that impede implementation.

In regard to top management support on procurement performance : Geoffrey Rotich, Muma Bernard, Eunice Waruguru, (2015) in their study failed to address key factors influencing implementation of e-procurement in county government and strategies of engagement of top management.

In regard to staff capacity building on procurement performance: Doherty, McConnell and Ellis (2013) failed to seek the readiness of the public entities to implement e-procurement system in order to overcome the challenges that affect the uptake and application. Orina (2013) in his study did not address e-procurement readiness on the e-procurement system which was introduced by the Government to improve transparency and accountability.

#### **CHAPTER THREE: RESEARCH METHODOLOGY**

This chapter described the research design and the methodology employed in this study. It explained the process of sample design, selection of the study population, sample methods, sample techniques and the procedures, data collection methods, data collection techniques and instruments.

#### 3.1 Research Design

This study used correlational research design. Correlation analysis was used to show the magnitude and direction of relationship between the variable. In this study it was chosen to show the relationship between the influences of e-procurements on procurement performance. For instance, to show how the magnitude of ICT capital infrastructure, top management support and staff capacity building has on procurement performance.

#### 3.2 Study area

Migori County is a county in the former Nyanza Province of southwestern Kenya. Migori County is located in Western d South East, Tanzania to the South and South West and Lake Victoria to the West. The capital is Migori town which is also its largest town. The county has a population of 917,170. Migori County is perhaps the most diverse in Nyanza after Kisumu. The inhabitants include Suba-Luos, Luos, Kuria, Abagusii, Luhya, Somalis, and a small pockets of Indians, Arabs, and Nubians. Migori town serves as in important link between Kenya and Tanzania and the second most viable commercial center in Luo-Nyanza after Kisumu. Other major towns in Migori County include Kehanncha and Isebania in Kuria District. With the nationwide creation of new districts in 2007, Migori was split into Rongo (North) and Migori (South) districts. The headquarters of Migori County remain in Migori, and those of Rongo District moved to Rongo town. The split occurs between Suba and Uriri Division.

The Population density is 353 PER SQ. km and 43% of the population live below the poverty line. Age Distribution was 0–14 years 49%, 15–64 years 48% and over 65 years 3%.

### 3.3 Target population

This study had a target population of 90 staff working directly in IT, finance and procurement for in all departments in Migori County government (Education, Youth, Sports, Cultural and Social Services ;Department of Trade, Tourism and Cooperatives; Department of Agriculture, Livestock, Fisheries and Water Development ;Department of Lands and Housing\_; Environmental, Natural Resources & Disaster Managements; Road, transport, Public works & Energy; Public Service Management & Administration; Finance & Economic planning and Health Services department. The target staff are the ones directly interact and involve in eprocurement implementation and operations.

### 3.4 Sample and Sampling Technique

The researcher used census survey method for this particular study. According to Shenoy, Srivastava and Sharma (2002), census is appropriate when the population is small and it is best for accurate and reliable findings. Since 10 out 90 staff had been interviewed during pilot study, the researcher sampled the entire 80 staff out of 90 working directly in IT, finance and procurement for primary sources of information across in all departments mentioned above in Migori County governments who are the direct implementers of e-procurement.

Migori County Departments	Sample size (procurement, IT and Finance Staff)	Percentage proportion (%)
Finance & Economic planning	11	14%
Health services	8	10%
Education, Youth, Sports, Cultural and Social Services	10	13%
Department of Trade, Tourism and Cooperatives	8	10%
Agriculture, Livestock, Fisheries and Water Development	10	13%
Department of Lands and Housing	6	8%
Environmental, Natural Resources & Disaster Managements	9	11%
Road, transport, Public works & Energy	10	13%
Public Service Management & Administration	8	10%
Total	80	100%

### Table 3.4.1 sampling table

Source: Research data, 2017

# 3.5 Data Collection Methods

## 3.5.1 Data sources

The study involved the use of primary data sources which were gathered through a structured questionnaires administered by staff working in IT, Finance and Procurement sections of each department in Migori County Government through assistance of Research assistants.

## 3.5.2 Data Collection instruments

The instrument used by the researcher to collect the data was a structured questionnaires which were administered by respondents. Primary data were collected using a structured questionnaires. Questionnaires was preferred because they were simple to administer, comprehensive and can be analyzed easily. The respondents were be given time to fill the questionnaires after which they were collected for analysis. The finished questionnaire data were first checked for completeness and comprehensibility.

## 3.5.3 Reliability and validity

The questionnaire was piloted to determine its validity where areas with ambiguities was eliminated after criticism of the research supervisor. Reliability test was used on the instrument to measure of the degree to which a research instrument yields consistent results or data after repeated trials. (Serem, 2013) A pilot study was conducted which constituted 10% percent of the population (Borg & Gall, 1993). The piloting was done where 10 employees were given the questionnaires to respond by filling. Test retest results gave an r=0.825 indicating good level of internal consistencies since it was falling between  $0.9 > \alpha \ge 0.8$ .

## Table 3.5 Reliability statistics

	Cronbach's Alpha Based on	
Cronbach's Alpha	Standardized Items	Number of Items
0.818	0.825	19

Source: Research data, 2017

#### 3.6 Data analysis

The data was evaluated, assessed and comparison was made so as to select the most accurate and quality information from the feedback given by various respondents. Inferential statistic like regression analysis was applied as per the proposed model below. The descriptive analysis was used to explain the aspects of e-procurement and procurement performance.

 $Y = \beta 0 + \beta_1 X_{1i} + \beta_2 X_{2i} + \beta_3 X_{3i} + \varepsilon$ 

Where:

Y-Procurement Performance X<sub>1</sub>- ICT capital infrastructure X<sub>2</sub>- top management support X<sub>3</sub>- staff capacity building  $\epsilon$  -error term

#### **CHAPTER FOUR: RESULTS AND DISCUSSIONS**

### 4.1 Introduction

This chapter deals with analysis of data and presentation of the findings from the analyzed questionnaire using SPSS. It also contains the general information about the respondents' knowledge and experience, in regard e-procurement implementation

### 4.2 Response Profile

The research targeted all 9 departments of Migori county government with specific to 80 staff sampled from IT, procurement and finance/ accounts who were interacting e-procurement system implementation. The researcher's response rate was 100% from target population who were administered and returned dully filled questionnaire. These questionnaires were verified and found to be very useful for making an inference on the population as well fit for descriptive analysis. The response rate per department were as follows: (Public service and administration 8 (10%), Trade, Tourism and Cooperative 8 (10%), Health Services 8(10%), Environmental, Natural Resources 9 (11.3%), Finance & Economics 11( 13.8%), Land & Housing 6 (7.5%), Agriculture, Livestock, Fisheries and Water Development 10 (12.5%), Education, Youth, Sport, Culture & social services 10 (12.5%) and Roads, public works, Energy 10 (12.5%).

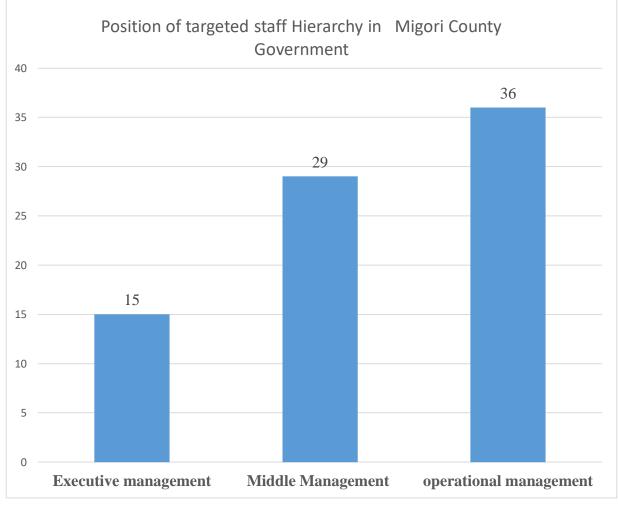
<u>.</u>	Frequency	Percent
Public service Management & admin	8	10.0
Trade, Tourism & Co-operative	8	10.0
Health services	8	10.0
Environmental, Natural Resources & Disaster Managements	9	11.3
Finance & Economic planning	11	13.8
Land & Housing	6	7.5
Agriculture, Livestock, Fisheries and Water Development	10	12.5
Education, Youth, Sport, Culture & social services	10	12.5
Roads, public works, Energy	10	12.5
Total	80	100.0

Source: Research Data, 2017

### 4.3 General information

In terms organization hierarchy it was found that at executive level 15 (18.8%), Middle Management level 28 (36.4%), Operational level 36 (45%). This mean that in Migori County Government among the staff working in IT, Finance and Accounting interviewed, 45 % of them were operational level, 36.4% of them were at management level and 15% of them were at executive level.

# 4.3.1 Position of targeted staff Hierarchy in Migori County Government



Source: Research Data, 2017

Figure 4.1 Position of targeted staff Hierarchy in Migori County Government

### 4.3.2 Level of Education

On the level of education of the person undertaking procurement activities in the Ministry. Certificate 4 (5%), Diploma 34 (42.5%), Degree 34 (42.4%), Masters 6 (7.5%) and Doctor of Philosophy2 (2.5%). The IT, Procurement and Finance / Accounting personnel are therefore from Migori County Government are professional and knowledgeable and fit for e-procurement implementation.

Table 4.2: Level of Education

	Frequency	Percent
Certificate	4	5.0
Diploma	34	42.5
Degree	34	42.5
Masters	6	7.5
PhD	2	2.5
Total	80	100.0

Source: Research Data, 2017

#### 4.3.3 Working Experience

On the working experience that personnel had attained in Government in regard to eprocurement implementation were: Less than 1 year 4 (5%), between 1-2 years 11 (13.8%), between 3-5 years 58 (72.5%), above 5 years 7 (8.8%). Majority of the targeted personnel working in County had more than 3 years' experience. Work experience enables one to master the art of performing the work efficiently and overcome challenges encountered during implementation

### Table 4.3: Working Experience

	Frequency	Percent
Less than 1 year	4	5.0
Between 1- 2 years	11	13.8
Between 3-5 years	58	72.5
Above 5 years	7	8.8
Total	80	100.0

Source: Research Data, 2017

### 4.3.4 Computer Literacy

In regard to computer literacy it was noted all respondents 80 (100%) were computer literate. This confirmed actualization of direct e-procurement implementation among the target population: IT procurement and finance/ accounting personnel.

### Table 4.4 Computer Literacy

	Frequency	Percent
Yes	80	100.0

Source: Research Data, 2017

### 4.3.5 ICT infrastructure and use

Majority respondents 74 (92.5%) were able to access and use IT infrastructure that aids eprocurement implementation whereas 6 (6.5%) were not. This indicated better adoption and implementation.

### Table 4.5 ICT Infrastructure and use

	Frequency	Percent
Yes	74	92.5
No	6	7.5
Total	80	100.0

#### Source: Research Data, 2017

4.3.6 Factors for e-procurement and procurement performance

The mean of all the variables for Factors for influencing e-procurement and procurement performance were all above 3. This means that most of the respondents felt that their level of agreement were moderate extent for use IT infrastructure, e-sourcing and e-tendering support to buying and selling and information management; e-procurement system implemented easy to use by the staff and management using e-procurement information for decision making.

	Ν	Min	Max	Mean	Std. Deviation
Is e-sourcing and e-tendering in e- procurement infrastructure implementation significance in your department?	80	1	5	3.23	1.102
Does e-sourcing and e-tendering in e- procurement infrastructure implementation support buying and selling in your department	80	1	5	3.29	.930
Does e-sourcing and e-tendering in e- procurement infrastructure implementation contribute to administrative saving	80	1	5	2.98	.954
Does e-sourcing and e-tendering in e- procurement infrastructure implementation contribute to cost reduction in your department	80	1	5	3.28	1.190
Does e-sourcing and e-tendering in e- procurement infrastructure implementation contribute better information management	80	1	5	3.48	.993
Does e-sourcing and e-tendering in e- procurement infrastructure implementation contribute to better inventory management	80	1	5	3.18	1.230
Does e-sourcing and e-tendering in e- procurement infrastructure implementation contribute to reduced lead time	80	1	5	3.41	1.270
Ease of use and training	80	1	5	3.30	1.036
Level of adoption and flexibility on e- procurement	80	2	5	3.35	.731
Is e-procurement user friendly	80	1	5	3.56	.992
Is e-procurement implementation brilliant idea	80	1	5	3.88	.986
Top management support to procurement implementation	80	1	5	3.25	1.175
Top Management use e-procurement information for decision making	80	1	5	3.34	1.055
Timely and prompt response by Top management to mitigate risk factors affecting implementation and use	80	1	5	3.06	.905

Table 4.6 Factors for e-procurement and procurement performance

Source: Research data, 2017

#### 4.4 Result of Regression of Influence of e-procurement on procurement performance

To determine the influence of electronic procurement implementation on procurement performance of Migori County Government, Kenya multiple regression analysis was conducted. As shown from the ANOVA table presented in Table 4.2, the F-test was not significant ( $F_{0.05; 3, 76}$ = 4.821, p>0.05). This indicates that the hypothesized multiple regression model was statistically adequate though not significant.

#### Table 4.7: ANOVA Results of the Suitability of the Proposed Regression Model

		Sum of				
Mod	lel	Squares	df	Mean Square	F	Sig.
1	Regression	17.898	3	5.966	4.821	.004 <sup>b</sup>
	Residual	94.052	76	1.238		
	Total	111.950	79			

a. Dependent Variable: Does e-sourcing and e-tendering in e-procurement infrastructure implementation contribute to cost reduction in your department

b. Predictors: (Constant), Availability and use ICT infrastructure, Top management support and Ease of use and training

Source: Research data, 2017

#### 4.5 Model summary

Results presented in Table 4.3 which displays the model summary shows that the three independent factors: Availability and use ICT capital infrastructure, e-procurement system implementation ease of use and training and top management support to e-procurement implementation together explained 16% of the variance in performance (Adj.  $R^2$ =.0127) with standard error at 1.112

#### Table 4.8 Model summary

				Std. Error of the
Model	R	R Square	Adjusted R Square	Estimate
1	.400 <sup>a</sup>	.160	.127	1.112

a. Predictors: (Constant), Availability and use ICT infrastructure, Top management support and Ease of use and training

Source: Research data, 2017

4.6 Results of the Regression of E-procurement on procurement Performance

Table 4.4: Presents results of the regression analysis in which performance was regressed on the three e-procurement influences on procurement performance. It showed the Availability and use IT infrastructure, top management support to procurement and ease of use and training were positive predictors of performance: Availability and use IT infrastructure ( $\beta_1$ = 0.131, p>0.05) top management support ( $\beta_2$ = 0.382, p>0.05) and ease of use and training ( $\beta_3$  = 0.033, p<0.05).

Table 4.9 Results of the Regression of Performance on Influence of E-procurement

	_	Unstandardized Coefficients		Standardized Coefficients		
Mode	el	В	Std. Error	Beta	Т	Sig.
1	(Constant)	1.261	.717		1.758	.083
	Availability and use of ICT infrastructure	.589	.476	.131	1.238	.220
	Top management support	.387	.110	.382	3.508	.001
	Ease of use and training	.038	.125	.033	.302	.764

a. Dependent Variable: Does e-sourcing and e-tendering in procurement infrastructure implementation contribute to cost reduction in your department

Source: Research data, 2017

4.6.1 Results and discussion on influence of ICT Capital Infrastructure on procurement performance

This objective sought to find out the level of influence of ICT capital infrastructure on procurement of Migori County Government. The results revealed ICT capital infrastructure has a positive influence on procurement performance ( $\beta_1$ = 0.131, p>0.05). This means that a unit standard increase ICT capital investment would increase performance by 0.131. This implies that whenever Migori county Government increases ICT capital infrastructure like internet , networking and computer and its accessories by 13.1% then would result into increase on procurement overall performance though insignificant .

The findings agree with a study by Aman and Kasimin (2011) on e-procurement implementation: a case study of Malaysia Government. The findings showed that addressing ICT infrastructure needs such as related software integration, data management and roll-out strategy, information technology (IT) infrastructure, outsourcing contract and IT skills legal and administration procedures on online trading would increase performance

The findings agree with a study by McIvor, McHugh & Cadden, (2002) showed the use internet infrastructure has created opportunities for Government to facilitates the exchange of information between public sector agencies and their trading partners. It also agrees with a study by Geoffrey, Muma & Eunice, (2015) which showed that Enterprise Resource Planning as a component of ICT infrastructure was a significant determinant of positive change in procurement performance.

# 4.6.2 Results and discussion on influence of top management support on electronic procurement performance

This objective was sought to determine the level of influence of top management support on eprocurement performance of Migori County government. The results showed that top management support on e-procurement has influence on procurement performance ( $\beta_2$ = 0.382, p>0.05). This means that a unit standard increase in top management support would lead to procurement performance by 0.382. This implies that whenever Migori County Government Top management provide support like building trust in employees, promoting transparency and efficiency on e-procurement implementation by 38.2% would result into a significant increase in its overall procurement performance.

The findings concurs with a study by Teo and Tan, (1998) on factors influencing the adoption and non-adoption of the Internet among organizations in Singapore showed involvement and support from top management is very candid to facilitate e-procurement resources and also helped to overcome any emanating resistance to change to implementation.

The findings also concurred with a study by Ndiritu (2015) on The Effect of Top Management Support on Innovation: the Mediating Role of Synergy Between Organizational Structure and Information Technology which showed that top management commitment helps in building trust within the employees by buying the idea of quality, technology and employ the organization better performance.

The findings also agree with a study by Panda & Sahu (2012) on 'Promoting transparency and efficiency in public procurements: e-procurement initiatives by Government of India showed that e-procurement strongly depend on the county government top management and internal users commitment to support information flow process quality, logistics fulfilment quality and e-procurement satisfaction performance

4.6.3 Results and discussion on influence of e-procurement system implementation ease of use and training on procurement Performance

Objective one sought to establish the level of influence of e-procurement system implementation ease of use and training on procurement Performance of Migori County Government. It was established that of e-procurement system implementation ease of use and training positively influenced procurement performance ( $\beta_1 = 0.033$ , p>0.05). This means that a unit standard increase in on e-procurement ease of use and training would lead to an increase in procurement performance by 0.033. This implies that whenever Migori County Government plans to increase its staff training and mentorship by 3.3 % would into increase in its overall procurement performance though insignificance.

The findings agreed with a study by Jones & Grimshaw (2012) who found out that top manager's core focus is on developing skills and capacity of the employees on e-procurement by engaging them in training programs which specially designed to increase the productivity and quality of goods and services.

The finding also concurred with a study by Orina (2013) whose findings indicated that indicated that resistance to change, lack of enthusiasm, and inadequate skills on staff impedes implementation of e-procurement system. Therefore staff capacity building increase performance output.

### CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMENDATION

This chapter provides the summary, conclusion and recommendations of the study.

#### 5.1 Summary of Findings

The purpose of this research was to determine the influence of electronic procurement implementation on procurement performance of Migori County Government. The summary of findings therefore focuses on the following objectives of the study.

Objective one sought to establish the level of influence of ICT capital infrastructure on procurement performance of Migori County Governments. It was established that ICT capital infrastructure has positively influences procurement performance though insignificant.

Objective two sought to determine the level of influence of top management support on procurement performance of Migori County Government. The results showed that top management support had a significant positive influence on procurement performance.

Objective three sought to find out the level of influence of level staff capacity building on procurement performance of Migori County Government. The results revealed that staff capacity building had positive influence on procurement performance though insignificant.

#### 5.2 Conclusion

Based on the summary of objective one that ICT capital infrastructure has a positive insignificant influences on procurement performance, the null hypothesis was accepted and it was concluded that ICT capital infrastructure had no significant influence on procurement performance of Migori County Government.

Based on the summary of objective two that top management support had significant positive influence on procurement performance of Migori County Government, the null hypothesis was rejected and the study concluded that top management had a significant influence on procurement performance of Migori County Government.

Based on the summary of objective three that staff capacity building had insignificant positive influence on procurement performance, the null hypothesis was accepted and the study concluded that staff capacity building had no significant influence on procurement performance of Migori County Government.

5.3 Recommendations of the Study

Based on the conclusion of the study shown that top management support has significant influence on procurement performance of Migori County Government, the study recommends that counties should seek for influence of top management support to procurement performance since it had a positive significant influence on the overall performance.

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## APPENDICES

APPENDIX 1: Letter of Introduction April 2017

Dear Madam/Sir,

#### RE: PERMISSION TO CARRY OUT RESEARCH IN MIGORI COUNTY GOVERNMENT

I am a student pursuing Masters in Business Administration department of Management Science, School of Business and Economics of Maseno University. I am required to submit, as part of my research work assessment, a research project report on Influence of electronic implementation on procurement performance of Migori County Government, Kenya.

To achieve this noble objective, your county government has been selected to participate in this study. I kindly request you to fill in the attached questionnaire to generate data for this study. This information will be used purely for academic purposes and your name will not be mentioned in the report. Findings of the study, shall upon request, be availed to you.

Your assistance and cooperation will be highly appreciated.

Yours faithfully,

Odoyo Linnaus Anogo.

#### APPENDIX II: QUESTIONNAIRE

This study attempts to to investigate the Migori County employees on influence of eprocurement implementation on procurement performance in Migori county. The researcher shall be greatful that you are willing to answer questions regarding this study and hope that you will feel free to answer researcher's questions to the best of your knowledge. Your response to this questionnaire shall be treated with confidentiality.

Part A: Demorgraphic

Respondent Profile Please tick the appropriate answer

1. Which department you work in	
---------------------------------	--

Public Service Mgt	& Admin	Finance & Economics	
Trade, Tourism & Co	o-operative	Land & Housing	
Health services		Agriculture	
Environmental,Natu	ral Resources	Education,Youth,Sport,C services	Cultural & Social
Other specify		_	
2. What level in the	organization/ entity do	you operate on	
Executive	Management		
Operational			
3. What is your high	nest level of education?		
Certificate	Diplor	na	
Degree	Master	rs	
phD			
4. Are you computer	r literate?		
Yes	No		
5. How long have yo	ou been implementation	e-procurement?	
less than 1 year	Between 1-2 y	years	
Between 3-5 years	Above 5 years	6	

6. Does your department have and use IT infrasture?

Yes No

Part C: Factor that influence use of electronic procurement

Tick the appropriate

(1) no extent, (2)little extent, (3)moderate extent (4) Large extent and (5) Very Large extent

		1	2	3	4	5
7 (i)	Perceive usefulness of e-procurement infrastructure im	pler	nen	tatic	on	
	is e-sourcing and e-tendering in e-procurement					
a.	infrastructure implementation significance in your firm					
b.	Does e-sourcing and e-tendering in e-procurement infrastructure implementation support buying and selling in your firm					
с.	Does e-sourcing and e-tendering in e-procurement infrastructure contributes to administrative saving (Profit)					
d.	Does e-sourcing and e-tendering in e-procurement infrastructure contributes to cost reduction in your firm					
e.	Does e-sourcing and e-tendering in e-procurement infrastructure contributes to better information management					
f.	Does e-sourcing and e-tendering in e-procurement infrastructure implementation contributes to better inventory management					
g.	Is e-sourcing and e-tendering in e-procurement infrastructure contributes to reduced lead time.					
7 (ii)	Perceiving access, attitude ease use of e-procurement implementation					
a.	Ease of use and training					
b.	Level of adoption and flexibility on e-procurement					
с.	Is e-procurement user friendly					
d.	Is e-procurement implementation brilliant idea					
7(iii)	Top management support to e-procurement implement	atio	n			
a)	Top Management support					
b)	Top Management use information for decision making					
c)	Timely and prompt response by Management to mitigate risks factors affecting implementation and use					

## APPENDIX 11I: WORK PLAN

The study exercise will take a period of two months from the time of data collection to the last stage which will involve the submission of the final detailed report on the findings and recommendations.

Duration	May	2017			JUNE	E 2017			JULY	2017			AUG	UST 2	017		SEPT	EMBE	ER 201	7
Activ ity	WK ,	WK2	WK3	WK4	WK	WK2	WK3	WK4	WK	WK2	WK3	WK4	WK ,	WK2	WK3	WK4	WK	WK2	WK3	WK4
Literature																				
Review																				
Develop																				
Research																				
Instruments																				
Pretest																				
Research																				
Instrument																				
Field																				
Research																				
Data Entry																				
and Analysis																				
Draft and																				
final report																				

## APPENDIX IV: STUDY BUDGET

BUDGET CATEGORY	ACTIVITY/ITEM DESCRIPTION	UNIT	COST
Research Assistants	3 Enumerators (Primary data collection)	2000/=each x 5days	10,000
Transport	Facilitation in The field	6000/=	6000
Equipment	Hiring of Camera	1500/=	1500
Report printing and Binding	Printing daft and final report	1000/= x 8 copies	8000
Other (s)	Internet services	3000/=	3000
Miscellaneous		2000/=	2000
<u></u>	TOTAL		32,600

## APPENDIX V: MIGORI COUNTY MAP

