FACTORS AFFECTING ACCESS TO PROCUREMENT OPPORTUNITIES IN PUBLIC SECONDARY SCHOOLS BY SMALL AND MEDIUM ENTERPRISES IN KENYA: A SURVEY OF LIMURU SUB-COUNTY

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ABSTRACT

Public procurement serves as one window through which public sector interacts with private sector. How such interaction is managed is very important in widening the base of participation by the private sector in public procurement. Though public procurement contracts vary mainly in size, some are clearly within the capabilities of Small and Medium size Enterprises (SME) which are mostly owned by the youths. However, SMEs are sidelined from participating in public procurement despite their qualifications, sizes, level of production, comparative tallies of public contracts secured by SMEs in public secondary schools against those secured by large enterprises are still very small. The study sought to investigate the factors affecting access to public procurement opportunities by SMEs in public secondary schools in Limuru Sub-County. The objectives of this study were to analyze the effect of competence of tender committee members on access to procurement opportunities by SMEs, as well as to establish the effect of regulatory framework implementation and to find out the effect of tendering costs on access to procurement opportunities by SMEs in public secondary schools. The study used survey design. The target population was 189 tender committee members in 21 public secondary schools. Stratified random technique was used to sample public secondary schools according to their operational nature this include; full boarding, day schools and mixed day and boarding schools in Limuru Sub-County. Simple random technique was used to select 65 respondents, 55 of whom returned the questionnaires. The questionnaires were self administered through drop and pick them later method. The quantitative data was analyzed by use of descriptive and inferential statistics using statistical package for social science (SSPS). Descriptive statistics such as frequency and percentages were used to profile the sample characteristics and major patterns from the data. Bar graphs and tables were used to present data. The study used Pearson’s correlation test (r) and alpha value p to establish the relationship between the dependant and the independent variables. The study established that competence level of tender committee members is too low and is a big challenge during award of tenders to suppliers, there is weak enforcement of procurement laws in public secondary schools and costs incurred during tendering and execution of the contracts discourage the SMEs from applying for the available opportunities. The study established that there is a negative relationship between tendering costs and access to procurement opportunities by SMEs in public secondary schools. The study revealed that there was no statistical significance of two variable of access to procurement opportunities by SMEs and level of competence of tender committee members in public secondary schools, and also regulatory framework implementation. This study recommends that PPOA should initiate training to tender committee members on the formal tools and methods friendly to SMEs participation. The government should incorporate cost reduction strategies in secondary schools procurement process that are within the law and more policies should be formed and implemented to improve on SMEs participation in public secondary schools procurement.
Key Words: access, procurement opportunities, public secondary schools, small and medium enterprises, Kenya, Limuru Sub-county

INTRODUCTION

Public procurement is defined as the purchase of commodities and contracting of construction works and services if such acquisition is effected with resources from state budgets, local authority budgets, state foundation funds, domestic loans or foreign loans guaranteed by the state, foreign aid as well as revenue received from the economic activity of state. Public procurement thus means procurement by a procuring entity (PC) using public funds (World Bank, 1995a). The items involved in public procurement range from simple goods or services such as clips or cleaning services to large commercial projects, such as the development of infrastructure, including road, power stations and airports.

Governments can use public procurement to achieve policy objectives. Among others for job creation and employment for example by splitting up purchases in such a way that jobs are created or requiring suppliers to use the unemployed in supplying their goods and services; SME/regional involvement for example by splitting up orders in smaller lots so that smaller companies can participate in competing for these smaller lots; Diversity (social outcomes) i.e. favouring various suppliers that include youth, disabled, women, local firms (Telgen, 2006).

Public procurement opportunities in this research include tenders and contracts that share certain similarities; we have brought together public procurement contracts and tenders to go beyond simply getting tenders. We extend it to include the definition of the contract, the qualifications of the contractors, and the criteria for the award of the contract (McCrudden 2004). Government can participate in the market as a purchaser and at the same time regulating it through the use of its purchasing power to advance conceptions of social justice.

Public Procurement serves as one window through which public sector interacts with the private sector. How such interaction is managed is very important in fostering a sense of fairness and widening the base of participation by private sector in public procurement (All-Party Parliamentary Small Business Group (APPSBG), 2006). Small and Medium Enterprises (SMEs) are often excluded from public procurement contracts despite the advantages that accrue from their inclusion (Obama, 2011). Access to public procurement is clearly in the interest of SMEs. According to Odhiambo and Kamau (2003) in the three East African countries, there is a very strong feeling among the actors that SMEs have been marginalized in most of the public sector activities. While there are many reasons for lack of participation, the main one seems to be lack of a coherent, transparent, accountable and participatory procurement policy in the three countries.
Public-sector organizations are good customers; they are required to be fair, honest and professional in the way they choose suppliers and in how they handle any dealings with them. They are also long-standing, stable customers, and have to pay promptly and in line with agreed contract terms. This is particularly pertinent for small businesses struggling in the current economic climate, as receiving timely payments can mean the difference between trading profitably or not at all [All-Party Parliamentary Small Business Group (APPSBG), 2006].

Today governments all over the world have received a great deal of attention as providers of essential services, such as health, education, defense and infrastructure. To be able to meet the demand for these services, governments purchase goods and services from the marketplace. In other words, governments are purchasers of works, supplies and services from the open market, placing their demands alongside those of the private sector. The business operations of governments in the marketplace or public procurement have thus both economic and political implications. Yet, until not too long ago, the subject of public procurement would have received little attention by academic researchers and policy makers, because it was considered an administrative function too mundane to worry about (Wittig, 1998).

In Kenya, Government departments as well as state corporations spend colossal sum of money in secondary school education in Kenya. The Ministry of Education is responsible for providing education to its citizens (MOE, 2008). The ministry’s task includes employment of teachers for government schools, distribution of learning resources, and implementation of education policies. The education sector takes up about 30% of the Government’s annual expenditure accounting for the largest share of the annual budget. The expenditure is distributed as follows: Pre-primary Education 0%, Primary Education 55%, Secondary Education 27%, and Tertiary Education 16%, Others 2% (UNESCO, 2008).

The mission of the Ministry of Education (MOE) is to provide, promote and co-ordinate life-long education, training and research for sustainable development. Since 2003 the government has initiated many reforms in the education sector including the introduction of Free Primary Education (FPE). In 2008, the MOE increased its support to public secondary schools by providing some level of funding to support schools’ operational and development expenditure. This program targeted raising students’ enrollment to 1.4 million by the end of the year from 620,000 students that were about 3000 secondary schools in the beginning of the year.

Over time, various publications and guidelines have been produced by the Ministry of Education to ensure that the procedures in the procurement of goods, services and works for schools are transparent and that they guide the school management committees at all stages of procurement. These publications include: The Primary School Instructional Materials Management Handbook (July 2004); The School Improvement Grants Management Handbook (August 2005); Instructions for Primary Schools (2005); The Handbook of Financial Management (2006); and The Secondary Schools and Colleges Procurement Manual (2007). The latter provides
procurement guidelines on KESSP related expenditure. The manuals made reference to other Ministry of Education publications that set out in a more comprehensive manner the processes to be observed in the procurement of particular items such as instructional materials and school infrastructure (PPOA, 2009).

As articulated in Cap 21 of the Education Act (1980), one of the key roles of secondary school heads is the management of financial resources provided by the government, parents, well-wishers and development partners [Institute of Policy Analysis and Research (IPAR), 2007; World Bank, 2008; Transparency International (TI), 2010]. Besides, the Secondary School Heads’ Manual recognizes school heads as financial controllers and accounting officers, responsible for all school revenue and expenditure management [Government of Kenya (GOK), 1987; IPAR, 2007]. This responsibility necessitates regular capacity building programs to enable them better apply the provisions of the Act and Regulations. According to PPDA (2005), “procuring entity” means: the Government or any department of the Government, the courts, the commissions established under the Constitution, Cap.265, a local authority under the Local Government Act, Cap.446, a state corporation within the meaning of the State Corporation Act, Cap.491, the central bank of Kenya established under the Central Bank of Kenya Act, No12 of 1997, a co-operative society established under the Co-operative Societies Act, Cap.211, a public school within the meaning of Education Act 210B. Public secondary schools fall under this definition.

As public procuring entities, public secondary schools are required by the PPDA (2005) to establish tender committees to be responsible for procurement at various levels. The composition of such committees has also been determined in law. According to the procurement manual for schools and colleges (2006) procurement matters have been vested in the Schools Tender Committee whose membership structure is the Deputy Principal who is the Chairman of the Committee, the person in charge of finance (bursar), the Deputy Chairman, at least six Heads of Departments including the cateress, although some schools have set up tender committees, a number of schools have yet to do so and the responsibility of this committee has been exercised by the School Management Committees. Additionally, other committees are formed to procure specific items in learning institutions. Membership of the School Tender Committees and other school committees is largely similar with the difference being that teachers play a greater role in the School Tender Committee and other school committees while parents play a greater role in the School Management Committee (PPOA, 2009).

The basic procurement principles should be applied in order to achieve sound procurement practices in the public schools to enable an increase of trade and foster economic growth. The Kenyan government through its Private Sector Development Strategy is seeking ways to promote competition, innovation and Value for Money (VFM) in the delivery of public services (Bovis, 1998).
Improving procurement process through enhancement of the participation of SMEs in the public entities is one way of achieving sound procurement practices. Much could be gained by enabling more SMEs to compete. The benefits to the public entities which include the public secondary schools can include better levels of service, innovative business solutions and increased competitiveness in the longer-term. In return SMEs could gain by having access to a large and stable market. SMEs may offer better value for money than larger suppliers by bringing greater competition to the public schools, lower costs, innovation and creation of employment to the youths (Simbiri, 2012).

STATEMENT OF THE PROBLEM

The Government of Kenya is committed to empowering the youth by being in the forefront in advocating for the youth access to Government contracts. This has been evidenced by the Presidential Directive on Youth Access to Government Procurement opportunities (PPOA, 2013). Pursuant to the Regulation of the Public Procurement Preference and Reservations (Amendment) Regulation, 2013, there is the National Sensitisation and Recruitment Drive on Youth Access to 30% of all Government Procurement opportunities (PPOA, 2013). Despite this preferential treatment of SMEs by government, comparative tally of public contracts secured by upcoming SMEs against those secured by large enterprises are still very small (Kathure, 2012). Limuru Sub-County is one of the sub-counties that are fast growing industrial Sub-County, with many upcoming SMEs (Limuru District Development Plan 2012). The research, therefore, sought to explore the factors affecting access to procurement opportunities in public secondary school by SMEs. The study would contribute to filling up the informational gaps. Competence in public procurement has a positive significant impact on SMEs accessibility to public procurement contracts (Obanda, 2011). Despite the existence of PPDA (2005), its regulation (2006), market price index (2010) and public procurement manual for schools and colleges (2009) there has been numerous complaints from the education systems in Kenya and the PPOA on the competence level of the procurement committee members in handling procurement activities for efficiency, transparency and better service delivery in our schools. Regulatory framework refers to procurement regulations that the public secondary must follow in procurement process guided by PPOA. The purpose behind PPOA is to ensure that public entities act in a fair and cost-effective manner in awarding these often lucrative. Public secondary schools are yet adopt the procurement manual for schools and colleges (2006) (Kingori, 2012). Weak regulatory framework is often the root of challenges facing SMEs in public procurement (Puddephatt and March, 2012). Public contracts are characterized by big lots sizes which require huge capital to service (Obanda, 2010). Costs associated with bid preparation and proposal costs where the bid bond is set as 2% the estimated value of contract (PPDM, 2009). The challenge of funding is one of the perennial problems for SMEs in accessing public contracts and is related to the difficulty of access to credit and credit guarantees (Krasniqi, 2010).
GENERAL OBJECTIVE

The general objective of the study was to investigate the factors affecting access to procurement opportunities by SMEs in public secondary schools in Limuru Sub-County.

SPECIFIC OBJECTIVES

1. To analyze the effect of competence of tender committee members on access to procurement opportunities by SMEs in Limuru Sub-County.
2. To establish the effect of Regulatory framework implementation on access to procurement opportunities by SMEs in public secondary schools in Limuru Sub-County.
3. To find out the effect of Tendering costs on access to procurement opportunities by SMEs in public secondary schools in Limuru Sub-County.

THEORETICAL REVIEW

Institutional Theory

Institutional theory can be used to explain the factors affecting access to public procurement opportunities in public secondary schools by SMEs in Kenya. (Obanda 2010) observes that, institutional theory is normally used to examine public procurement from varying perspective. Theoretically, institutions are social structures that have attained high degree of resiliency they are composed of cultural-cognitive and regulative elements that, together with associated activities and resources give meaning to life (Scott, 2004). Scott, (2004) further explains that the mainstays of any institutions are regulatory, normative and cultural-cognitive, where regulatory refers to rules and laws and the enforcing mechanism, the normative elements includes norms and values while cultural-cognitive are the shared beliefs and understanding. In the context of this study, procurement processes of public secondary schools are governed by Public Procurement regulations. Universities, Colleges, primary and Secondary Schools are recognized as procurement entities governed by the Public Procurement Disposal Act (PPDA, 2005). (Odhiambo & Kamau, 2003). Access to public procurement opportunities in public secondary schools by SMEs in Kenya can be enhanced through implementation of the procurement regulatory framework, and use of the stipulated procurement procedures in public secondary schools in Kenya.

Social – Economic Theory

Sutinen and Kuperan (1999) propounded the socio-economic theory of compliance by integrating economic theory with theories from psychology and sociology to account for moral obligation and social influence as determinants of individuals” decisions on compliance.
According to Lisa (2010) psychological perspectives provide a basis for the success or failure of organizational compliance. Wilmshurst and Frost (2000) also add that the legitimacy theory postulates that the organization is responsible to disclose its practices to the stakeholders, especially to the public and justify its existence within the boundaries of society. This theory, which focuses on the relationship and interaction between an organization and the society, provides a sufficient and superior lens for understanding government procurement system (Hui et al., 2011). From this theory, the perceived legitimacy of public procurement rules has been identified as one of the antecedents of public procurement compliance behavior.

**CONCEPTUAL FRAMEWORK**

Kothari (2004), states that a concept which can take on different qualities of qualitative values is called a variable. If one variable depends on or is a consequence of another variable, it is dependent variable. The variable that is antecedent to the dependent or that makes it to change is called an independent variable. A conceptual framework consists of independent variables which cause changes in the dependent variable. The independent variables in this case are: Competence of tender committee member’s, Implementation of regulatory framework, and Tendering costs in public procurement which affect the dependent variable namely; access to public procurement opportunities by upcoming SMEs in public secondary schools.

**Competence of Tender Committees Members**

Competence is combination of knowledge, skills, and behavior used to improve performance (Boulter, 1996). Competence is also used as a more general description of the requirements of human beings in organizations and communities. Competency profiling is typically a method for identifying specified skills, knowledge, attitudes and behaviour necessary to fulfilling a task, activity or career. In most commercial organizations its ultimate purpose is to provide value to the external customer (Boulter, 1996). In categorizing competence, some organizations make distinctions between competencies, which refer to desired personal attributes and behaviours; competences, which are the knowledge and skill required to bring about improved performance.

Technical competences are much used in different occupations. Shellabear (2002) describes four levels of technical competences as practical competence, foundational competence, reflexive competence and applied competence. Practical competences reflect the demonstrated ability to perform a set of tasks; foundational competences shows the demonstrated ability of what and why to carryout tasks; reflexive competence explains the ability to integrate actions with an understanding of action and; applied competences shows the demonstrated ability to perform a set of tasks with understanding and reflexivity. In a public entity such as public secondary school, competence implies the knowledge, skills, and attitude needed by a staff member in procuring entity to fully facilitate implementation of regulatory framework provided by the
Public Procurement Disposal Act (PPDA2005) and the Procurement Manual for Schools and Colleges for the purposes of socio-economic gains through enhancing SMEs accessing public procurement opportunities.

A major scope for improving SMEs participation in public tenders is through increasing professionalism in procurement. Professionalism can be defined as the status, methods, or standards within a career. Public procurement professionalism should be emphasized to enable SMEs access to public procurement contracts (Obanda, 2011). Public procurement in Uganda is highly susceptible to corruption. The prevalence of bureaucratic influence which causes a contract to be awarded on the basis of subjective or unannounced criteria to an apparently specially favoured contractor is evident. The New Vision (2005) cites the Executive Director of the PPDA as stating that the Government would save 330 billion Uganda shillings by eliminating losses incurred through corruption in public procurement. That corruption is due to the fact that the law has many loopholes. In addition, the prescribed practices are laxly or impractical to enforce. Nuwagaba (2009) reiterates that one major discounting factor for the failure of all our policies and programmes’ including decentralization is corruption. Imagine a country that loses 600 billion shillings in corruption related to procurement in a single financial year. This is half of the budget for the ministry of education.

The overall lack of procurement knowledge remains a major weakness to the efficiency of procurement operations. For instance Lindi Agencies on behalf of PPOA carried out a procurement review at Mang’u high school as a measure conformance to procurement manual for schools and colleges. In the final report it was concluded that:”The Finance officer, who undertook the role of procurement was not familiar with the PPOA and PPDR, an indication of low level of competence, Short-term procurement training was also found to be in short supply, although it was noted that the PPOA is currently offering a series of sensitization sessions targeting both the public and private sector. On lead time, it was found out that the laws and procedures do not support timely procurement, contract execution and payment. For example, there were no legal provisions, procedures and or guidelines on the time limits for appropriation of funds, the processing of invoices and payments (KACC, 2007).

In a study by KPMG International carried out after the introduction of the Regulations, it was still found out that public procurement still suffers from fraud and misconduct (KPMG, 2008). In yet another study by KACC, it was noted that public officials distort the Regulations to restrict the participation of interested firms in procurement, or still direct the outcome of others. In a survey of public institutions by the KACC in 2007 after the PPDR had been implemented, it was revealed that procurement had become more transparent, formal and clearer.

In secondary schools in Kenya, effectiveness and efficiency in procurement and tendering process cannot be achieved if not accompanied with necessary skills. In other words, tender committee members should be supported through capacity-building on issues pertinent to
procurement and tendering process. Capacity of such tender committee may be enhanced through inclusion of professionals and building strong procurement tradition on existing professional skills at the community level. Most tender committee members in secondary schools lacked necessary skills to manage school procurement and tendering activities. Although deputies and bursars were given basic orientation on management of the procurement process this was considered inadequate; thus precipitating the need for further training in key areas such as stores and financial management, procurement ethics as well as quality control. It was noted that the composition of more than 70% of the tender committee was wanting in terms of technical skills, most tender committees lacked capacity to manage huge tender for instance of KES10 million and above. They hence need to be trained into the formal tools and methods friendly to SMEs participation (Rambo, 2012).

The Evaluation Committee and Contracts Committee members particularly need to be conversant with the available formal scoring methods appropriate to offer an added advantage to SMEs as the former conducts the actual scoring while the latter approves the methods to be used. Given the scenario in Uganda, this is a vital prerequisite (Obanda, 2012). According to a research by Kingori (2012) on the factors affecting procurement manual adoption by secondary schools in Kenya, it was noted that the competence level of the staff members in procurement committee is too low as expected by PPOA. Many secondary schools did not have functional tender committee. PPOA has not initiated any training on procurement matters neither does publish journals, bulletins, or any value addition materials to all public secondary schools. Kingori (2012) also noted that there is no link between the secondary schools procurement unit and PPOA.

User departments can equally be trained to arrange their work in lots that are content wise and logically friendly to SMEs capacity. Linthorst and Telgen (2006) in an example offer that, content-wise road maintenance may be divided into three sets of tasks: major overhaul, regular maintenance and minor repairs. Meanwhile, a logical division may be into major throughways, minor roads and residential areas. Training of the relevant stakeholders will hence stimulate an increase in the number of SMEs’ accessing and winning contracts (Obanda, 2012).

Keeping supplier selection criteria proportionate is of core importance for SMEs, since contracting authorities that fix too high capacity and ability levels exclude a high proportion of SMEs from participating in tender procedures. A decision has to be made on which criteria are appropriate for the kind of purchase involved and its value (Obanda 2012). All supplier selection criteria should be clear, non-discriminatory and proportionate to the contract in question. Caution should also be taken in wording selection criteria in a way that may not narrow the field of competition by addressing irrelevant matters e.g. a requirement that only experience acquired in dealing with the public sector will be taken into account is, as such, irrelevant and limits competition. Further, Public Procurement Officers should be able to make use of the possibility to conclude framework agreements with several economic operators and to organize mini
competitions for parties to the framework agreement as actual procurement needs arises (Obanda, 2012).

Enhanced professionalism in public procurement practice and management has a positive significant on SMEs accessibility to public procurement. Professionalism in public procurement requires well trained staff. The researcher is interested to find out what is the effect of competence level of procurement staff in public secondary schools in enhancing access to public procurement opportunities in public secondary schools by SMEs in Kenya.

**Regulatory Framework Implementation in Procurement**

The regulatory framework establishes the rules within which all the financial institutions, instruments, and markets operate in a given country. According to Thai (2001) apart from public procurement regulations and rules, the legal environment refers to a broad legal framework that governs all business activities including research and development (regulations dealing with safety and health of new products), manufacturing (safety and health regulations at workplace and pollution control), finance (regulations dealing with disclosure of information), marketing (regulations dealing with deceptive advertising, disclosure of product characteristics), personnel (regulations dealing with equal opportunity for women and minorities), and contracts.

The legal framework upon which public contracting is done is the EU Directives/2004/18/EC (KAM, 2008). EU Directives 2004/18/EC cover the procurement procedures of all public sector bodies. Kenyan Public Procurement & Disposal Act (PPDA 2005) and the Public Procurement & Regulation (2006) were both drafted based on the EU Directives (KAM, 2009). Accordingly, many SMEs have had challenges in compliance with the EU Directives/PPDA 2005 putting many of the SMEs off public contracts (KAM 2009). Currently Kenya Government is developing policies that are geared toward supporting SME sector growth through a variety of programs such as the GOK 2010/11 budget which contained effective policies for helping small and medium enterprises (SME) to boost participation in public contracts and hence the overall national economic development.

EU Public Procurement Directives and in effect the PPDA (2005) give a prominent guide to transparency, considering it is fundamental to the elimination of distortions and discrimination in these markets. They require that invitations to tender with an expected contract value above established thresholds are published in the Official Journal of the European Union (OJEU). Another important element of transparency is the publication of the final outcome of public procurement procedures. In a competitive environment, free of collusive practices, competitors can monitor the results of tendering processes and improve their future bids. This too puts downward pressure on prices over time. The number of contract award notices published in the Official Journal of the European Union has been growing steadily in recent years in compliance with the EU Directives (CIPS, 2012).
The bidding procedure for companies according to the new EU directives are simpler, with a standard ‘European Single Procurement Document’ based on self-declarations, allowing the bidder to demonstrate that they meet the pre-qualification criteria for the contract, that they do not satisfy any of the grounds for exclusion, and that they fulfill the economic or technical selection criteria. Only the winning bidder should to provide original documentation, which should reduce the administrative burden on companies by an estimated 80% (CIPS, 2012).

Authorities are being encouraged to think about SMEs from the outset in their tender processes and to consider whether contracts can be divided into smaller lots to further support SME participation. The move also reduces over-reliance on one or a small number of suppliers and increase competition (Crosby, 2014).

In Kenya regulatory framework for public procurement is provided by the PPOA’s Public Procurement and Disposal General Manual, (PPDGM), the legal framework of Kenya’s public procurement system was strengthened with the enactment of the public procurement and disposal Act 2005 which came to operation on 1st January 2007 with the publication of the Public Procurement and Disposal Regulations, 2006. In public secondary schools regulatory framework is strengthened by The Public Procurement Manual for Schools and Colleges. The level of adoption of the procurement manual is very low in public schools and are still struggling to eliminate the traditional procurement systems they are used to that may be hindering the SMEs from winning tenders and contracts in public secondary schools. This forms a weak regulatory framework in the procurement processes in public schools (Kingori2012).

Weak national regulatory framework is often the root of challenges facing SMEs in public procurement (Puddephatt & March, 2012). In general, a strong legal framework establishes the basis for competitive and transparent public procurement process, which is relevant for large and small business alike. This makes clear and comprehensive regulation essential in enabling fair participation in public procurement for all bidders, including SMEs. Puddephatt (2012) adds that public procurement rules will be implemented in a country’s legislation in form of a statute or code. Sometimes, provisions will be included in the country’s constitution. He goes on to say that in South Africa, the country’s constitution writes that its system of contracts must be “fair, equitable, transparent, competitive and cost-effective”

Puddephatt (2012) continues to add that abuse of public procurement systems arises largely due to weak or inconsistent enforcement of the rules. In this respect, there is still a considerable gap between the regulatory framework and its effective implementation in Kenya and what is more is that, laws tend to be manipulated for the benefit of the minority. The researcher is interested in finding out to what extent is regulatory framework in the public secondary schools has been implemented and how it affects procurement opportunities access by the SMEs in the public secondary schools. The procurement regulations outline four tendering methods that may be used by public institutions to source goods services or works this includes open tendering, restricted
tendering, quotations/proposals and single sourcing (GOK, 2001). Consistent with the minimum requirement for transparency in the procurement process and encouraging the participation of all interested bidders, the preferred method is open tendering as provided in section 29 of the PPDA 2005. This enables the SMEs to have equal chances of participation.

The Act clearly states that other methods of procuring will be used only in exceptional circumstances. In such cases the procuring entities will have to give and record reasons for the choice of other procedures. According to Rambo (2012), a research on relationship between procurement reforms and expenditure management in public secondary schools, it was concluded that only 43% schools practiced open tendering, 23% used quotation, while 30% practiced single sourcing as their main method of tendering. As noted by Ogachi (2006), whereas methods such as open tendering enhance transparency and competition single sourcing constrains transparency and is prone to abuse by the public officials. However there are no strong measures in legal framework to regulate or to guide the application of single sourcing method in schools. In the case of open tenders, an advertisement is placed in daily newspapers to reach prospective bidders nationally. In Kenya, it is a requirement that such an advertisement be placed in at least three daily newspapers that have wide circulation. Tender advertisements are crucial component of transparency in public procurement and tendering process. Yet transparency takes center stage in access of procurement opportunities by SMEs (Kathure, 2012).

The increased use of Information and Communication Technology (ICT) is vital given that the whole country is covered by the mobile telecommunication network and hence has internet accessibility. Particularly develop websites that may be helpful to SMEs by enabling cheap and quick communication, for example, downloading the contract documents and any supplementary documents without incurring copying or mailing costs. Adopting this would enable publication of public procurement notices online; multi-functional search engines; direct downloading of contract notices and accompanying documentation; electronic tendering facility enabling local governments to receive bids electronically in conformity with the PPDA regulations.

Duration taken in tendering process is another factor that influences public procurement opportunities access by SMEs and effectiveness of tendering process in Public Sector. All Public sectors are required to comply with the law on duration taken in tendering process. If the time is not well managed it becomes very expensive to the SMEs interested in bidding for tenders in the public entities. Tendering is the function that costs an organization a great deal of money and this has to be performed correctly in order to maximize effectiveness and minimize costs (GOK, 2004). Procurement procedures in public secondary schools in Kenya are interfered with by both internal and external forces from Politicians, PTA, Principals, Schools sponsors , local community and donor such as Ministry of Education, this results to lack of transparency that sidelines SMEs in public procurement (Kingori,2012).
Tendering Costs in Public Procurement

Tendering costs refers the costs SMEs incurs when in the process of bidding for tenders and contracts in public entities, this includes Cost associated with bid preparation and proposal costs where the bind bond is set as 2% of the estimated value of contract (PPDM, 2009). SMEs face high transaction costs in handling public procurement. These are largely fixed costs that do not change much with the value of the contracts. For example, the cost of pre-qualification, qualification and the costs associated with registering as a government supplier do pose greater burdens on SMEs than on large firms.

Finance restrictions, which are the result of restricted availability of capital through formal financial channels. To these are the added extra costs of financing the goods and services supplied until the government pays its dues. Simplified payment and procurement procedures reduce administrative costs to enable SMEs access public contracts. A review of literature from the Federation of Small Businesses (2008); Procurement Innovation Group (2009) and Choi Jeong-Wook (2010) reveals that ensuring that payments are made on time is paramount. A provision to alleviate the financial burden of SMEs, by providing for a 30 days’ payment deadline as a default, default level of interest for late payments etc. would be beneficial in this regard. Ideally simplify the documents necessary for making payments for example use electronic tools; do not suspend payment without a valid reason; enhance the use of electronic payment; simplify controls; do not postpone payment until the end of the year (Obanda, 2011).

The adoption of the measures above would mitigate the time-consuming paperwork which is among the most complaints voiced by SMEs. As SMEs’ normally do not have large and specialized administrative capacities, keeping administrative requirements to a minimum is essential. Costs associated with bid preparation and proposal costs. These costs are a result of shortage of skilled manpower that has the experience dealing with bid preparation. It is also because public procurement often involves greater bid and proposal costs than those found in commercial contracting. Bonding costs is the burden of obtaining bid and performance bond and supplying the required guarantees are crucial factors that tend to keep SMEs out of public procurement participation (Bovis, 1998).

Costs of obtaining information, SMEs encounter significant costs in obtaining market information. This has a negative impact on their exposure to market opportunities. Regulatory costs, Public procurement tends to be over-regulated; this entails substantial costs for SMEs to comply with paperwork and the process of inspection at various stages. Legal risks entail costs of failing to adhere to government regulations and the difficulty of taking legal actions against the government in case of default (Bovis, 1998). The ability of SMEs to grow depends highly on their potential to invest in restricting, innovation and qualification. All of these investments need capital and therefore access to finance. The consistently repeated complaint of SME about their
problems regarding access to finance is a highly relevant constraint that endangers the economic growth of the countries (Ganbold, 2008).

SMEs play a key role in economic development and make an important contribution to employment and GDP. Financial access is critical for SMEs’ growth and development. In their early stages of development, SMEs rely on internal sources of funding, including the owner’s savings, retained earnings, or funding through the sale of assets. According to this report, access to finance remains a key constraint to SMEs access procurement opportunities in public entities, especially in emerging economies. The report continues to add that access to finance is disproportionately difficult for SMEs in Less Developed Countries (LDCs,) with 41 percent of SMEs in LDCs reporting access to finance as a major constraint to their growth and development, as compared with 30 percent in middle-income countries, and only 15 percent in high-income countries (International Finance Corporation 2011).

Banks are wary of lending to SMEs. Loans have to be heavily securitized with personal assets, and start-ups are normally excluded from credit and Interest rates are hardly affordable. The majority of enterprises are too small for Venture Capitals (VCs) to consider, and the sector is largely viewed as immature and scarcely profitable for the moment. Lack of access to credit is almost universally indicated as a key problem for SME’s. This affects technology choice by limiting the number of alternatives that can be considered. Many SME’s may use an inappropriate technology because it is the only one they can afford. In some cases, even where credit is available, the entrepreneur may lack freedom of choice because the lending conditions may force the purchase of heavy, immovable equipment that can serve as collateral for the loan (Wanjohi, 2012).

Wanjohi (2012) continues to add that financial constraints operate in variety of ways, where undeveloped capital market forces entrepreneurs to rely on self-financing or borrowing from friends or relatives. Commercial banks’ lending activities have traditionally concentrated on large enterprises and consumer credit, with very little involvement in SME financing. Lack of access to long-term credit for small enterprises forces them to rely on high cost short term finance. There are various other financial challenges that face small enterprises. They include the high cost of credit, high bank charges and fees.

**Access to Public Procurement Opportunities by SMEs**

The term SME covers a wide range of definitions and measures, varying from country to country and between the sources reporting SME statistics (Kenya Association of Manufactures, 2008). Although there is no universally agreed definition of SME, some of the commonly used criteria are the number of employees, value of assets, value of sales and size of capital as well as turnover. Among them the most common definitional basis used is employees because of the
comparative ease of collecting information and here again there is variation in defining the upper and lower size limit of an SME (KAM, 2008).

SMEs in Kenya typically have the following features in varying degrees; they are small units, often rural-based and family owned, most of them are small independent enterprises, standing alone and producing for a well-defined market, some are specialized firms, producing specialized products, selling to the international and /or local markets, they rely on low cost raw materials, low energy costs, low labor costs, and are characterized by low division of labor, flexible and often small production runs, they have low capital formations and finally, they are largely labor intensive units with low–level technologies; but one needs to note the emergence of high skill and technology-intensive SMEs (KAM ,2008)

Darrel (2002) says the term procurement is used to describe the purchase of goods and services which are not directly used in the main business of a company. However, thinking on procurement, other writers argues that, there are two sides, the demand side (i.e. where there are users of products who have needs to procure) and the supply-side which does the production and provision of goods and services to be supplied. The importance of public procurement in terms of size relative to world GDP and world trade is highlighted by an OECD report (OECD, 2001 quoted by Odhiambo and Kamau2003). In this report, the value of the contestable government procurement market was estimated at over $2 000 billion in 1998. This is equivalent to 7 per cent of world GDP and 30 per cent of world merchandise trade.

Public procurement has become an issue of public attention and debate in both developed and developing countries, and has been subjected to reforms, restructuring, rules and regulations. According to Roodhooft and Abbeele (2006), public bodies have always been big purchasers, dealing with huge budgets. Public procurement represents 18.42% of the world GDP (Mahmood, 2010). Various countries both in developed and least developed countries have instituted procurement reforms involving laws and regulation given the significant percentage of GDP awarded for public procurement, access to government procurement can provide a powerful instrument for SME business policy. However, even in industrial countries, using procurement policies to help SMEs proved to be a complicated and costly process. These costs should not preclude the fact that public procurement results in social gains and benefits to the government as well as to SMEs his include;

An increase in the competitive base: Developing a strong SME base may increase competition in public procurement, which may provide government with better value for money and increased efficiency in public procurement and a better value for tax payers. The benefits of competition in procurement are well accepted. The United States policy is based partly on the concept of increasing competition in the domestic economy and on a policy preference, as set forth in the United States Small Business Act, for small businesses (Bovis, 1998).
Balancing equal opportunities between SMEs and larger enterprises: An SME programme in public procurement may be viewed as a direct approach to address equity, fairness and social concerns. Potential to foster job creation: In some countries, such as India, SME programmes are viewed as a means to increase employment opportunities across broad sectors of the country. Procurement programmes targeted at SMEs may increase employment for some regions or certain industrial sectors, although the effects may be ambiguous (Hyytinen, 2005).

Balancing regional growth: Some contend that SME programmes in public procurement foster balanced regional growth and a decrease in disparities among regions within a country. This is a policy underlying SME programmes in public procurement developed by the Indian Government. Their policy findings are that SMEs create employment, and bring money and affluence to a larger percentage of the population. Large-scale units distribute their benefits among fewer people, and by contrast, SMEs spread benefits more widely and create conditions for balanced growth. In this respect, the government needs to re-evaluate the costs and benefits of setting procurement regulations and adopt procurement policies that facilitate SMEs access to procurement opportunities in the public entities (Hyytinen 2005).

The SMEs benefit in various in ways such as: Better sales volume & improved access to larger markets; as previously stated, public procurement markets are significant markets in many countries, particularly in developing and transitional economies in which SMEs remain in the emerging states of development (Bovis, 1998).

Technology transfer; SMEs can acquire knowledge, information, skills, experience, technology, management skills and a host of other knowledge-related inputs from participation in public procurement. Potential for linkage with large business Procurement programmes that assist SMEs may facilitate the provision of information on SME capability to large businesses and may increase business opportunities for SMEs. Notably, through such programmes, governments may be able to overcome the natural tendency of procuring entities to obtain goods and services from familiar, large business sources. This is especially important in any governmental efforts to ensure equitable opportunities for SMEs. SMEs are placed on the government list; once applications of SMEs are accepted as qualified procurement entities, they are put on the government list and called upon to participate in any tender award (Palomo, Rios & Ruggeri, 2004).

The Public procurement contracts in Kenya like other countries worldwide deal with a wide range of supplies. Though these contracts vary mainly in size, some are clearly within the capabilities of Small and Medium size Enterprises (SMEs). However, SMEs are sidelined from participating in public procurement despite their qualifications, sizes and level of production and despite this preferential treatment of SMEs, comparative tallies of public contracts secured by SMEs (Kathure, 2012).
SMEs need to have access to, and the opportunity to win, government contracts. What must not happen is that the process unintentionally favors large firms in some way and discourages small firms. It should be noted that, it is not about giving preferential treatment to SMEs but about facilitating a more level playing field. The PPOA states that the tendering/bidding process should be fair and transparent for all candidates. The contribution of small and medium enterprises (SMEs) to employment, growth and sustainable development is widely acknowledged. However, the SMEs who contribute a great percentage to the economy today have been the victims to unfair and corrupt public procurement practices and even have been barred from accessing the public procurement market. According to Vincze (2010), improved access for SMEs results in more competition, and is as one can expect likely to lead to better value for money for procurers, thus for the society.

Small and Medium Family Enterprises plays important roles in Kenya economy. According to an Economic Survey Report (2009), the sector contributed over 50% of job creations in the year 2008 (Memba, Gakure & Karanja, 2012). Public procurement has important economic and political implications, and ensuring that the process is economical and efficient is crucial. This requires in part that the whole procurement process should be well understood by the actors: government, the procuring entities such as public secondary schools, the business community/suppliers and other stakeholders, including professional associations, academic entities and the general public (Odhiambo,2003).

**EMPIRICAL REVIEW**

Many studies have been done on public procurement in public entities and access to public procurement contracts and tenders by SMEs. A study was done by Kingori (2012) with the objective of finding out the factors affecting Procurement manual adoption by secondary schools in Kenya. The study was a survey in Gatanga District. 76 procurement committee members were sampled from public secondary schools in Gatanga district. The study found out that procurement procedures, supplier selection, and competence are some of the factors affecting adoption of the Manual. Apart from the procurement manual, there are other procurement directives that have been issued by the Government through PPOA, for the purposes of improving the procurement process in public entities. Such as 30% all of public tenders should be awarded to SMEs owned by youth, women and disabled.

Kathure Nkonge (2012) carried out a survey on challenges faced by SMEs when bidding for tenders in public entities. The target population for this study was a selected group of SME suppliers in Thika District. From the target population of 1500 SMEs in Thika District, a sample size of 10% was obtained using stratified random technique. From this research it was concluded that unethical practices in procurement, lack of access to information, and high financial requirements are some of the challenges faced by SMEs. However SMEs owners are not involved in the implementation of the Public Procurement and Disposal Act (2005) and have
little knowledge on the Public Procurement and Disposal Act (2005) that is used in awarding of
tenders and contracts in public entities. The study did not establish the relationship between
regulatory framework implementation and access to procurement opportunities by SMEs.

A review was undertaken by Lindi Agencies on behalf of PPOA carried out on 28th April, 2009
to 16th May, 2009 at Mang’u high school. The objective of the review was a test for
conformance to the manual, to review the status of the school’s procurement, Contracting and
implementation process in order to determine the level of compliance with the procurement law,
regulations, circulars, and directives issued by the Public Procurement Oversight Authority. The
conclusions made from this review, is not enough to generalise to all other schools. Putting into
consideration different schools have different challenges in complying to the procurement
regulations.

Peter. W. Obanda (2012) carried out a survey on SMEs and public procurement in developing
countries. Data was collected from a survey using questionnaire in municipalities and town
Councils in Uganda. The objective of the study was to establish how professionalism,
competence and regulatory framework implementation in procurement affects SMEs
participation in procurement. The study found out that professionalism, competence of
procurement staff affects SMEs participation in procurement in Uganda. However the researcher
focused on Uganda the study focused on municipalities and town councils ignoring other public
entities such as public secondary schools.

RESEARCH METHODOLOGY

Research Design

The study adopted survey design which was descriptive in nature. Descriptive research was used
as this type of research is useful to obtain information concerning the current status of
phenomenon with respect to variables or conditions in a situation (Kothari, 2004). This method
was adopted because it allowed in-depth examination albeit gathering information from a limited
sample of subject and can lead to new information in the area under study (Sekaran, 2013).

Population

Population has been defined by Sekaran (2013), as an entire group of individuals, events or
things of interest for which the researcher wants to make inferences. Mugenda and Mugenda
(2003), states that a population is a complete set of individuals, cases or objects with some
common observable characteristics. Target population is that population which a researcher
wants to generalize the results of the study. In this study the population size was (21) secondary
schools in Limuru Sub-County. These comprised of 189 tender committee members.
Sampling and Sample size

Probability sampling design was used in this study. Probability sampling design is based on the concept of random selection, which is a procedure that assures that each member or individual in a population is given an equal chance of selection. The advantage of this design includes the selection of sample is unbiased and the general acceptance that the method is fair (Mugenda & Mugenda 2003). Stratified random sampling technique was used in selection of the schools and simple random sampling to select tender committee members to participate in this survey. This technique is the most efficient among all probability designs and also stratification always achieves greater precision provided that the strata have been chosen so that members of the same stratum are similar as possible in respect of the characteristic of interest (Sekaran, 2013). In order to obtain a sample for this study a list of names of secondary schools and corresponding number of tender committee members was obtained from the Ministry of Education Office in Limuru Sub-County. The schools were stratified according to their operational nature; Boarding schools, Day schools and mixed day and boarding schools. In each stratum, Simple random technique was used to select required sample of tender committee members for interview. To determine the sample size, \( n \), for target residents with a known population, \( N \), the study adopted the formula of Israel (1992) as shown in equation 1 below.

\[
N = \frac{N}{\frac{1}{1+N(e)^2}} \quad \text{(Equation 1)}
\]

Where;  
\( n \) = optimum sample size,  
\( N \) = number of secondary schools  
\( e \) = probability of error (i.e., the desired precision, e.g., 0.1 for 90% confidence level).

For example, the procurement committee members in 21 secondary schools in Limuru Sub-County \( N \) is 189; implying \( n \) is 65 as derived in equation

\[
n = \frac{189}{1+189(0.1)^2} \quad \text{(Equation 2)}
\]

\( n=65 \)

Data Collection Instrument

The common instruments used in social science research are questionnaires, interview schedules, observational forms, standardized test and content analysis (Mugenda & Mugenda, 2003). In this study, questionnaires were used to obtain information about the population because they save time, are economical in terms of money, convenient in that respondents can respond based on the contents, and easier to administer. The questionnaire consisted of both closed and open ended questions to address the specific objectives of the study. The open ended questions gave the
responded freedom to express their opinions. A likert scale will be used with 1=strongly, 2=Agree, 3=Not agree 4=Disagree and 5= strongly disagree.

**Pilot Testing**

A pilot survey was done to determine the feasibility of the data collection instrument. The pilot survey brings out the weaknesses if any of the questionnaire and the survey techniques (Kothari, 2004). It enables the researcher to assess the questions validity and reliability of data that will be collected. It will also help to determine whether the method of data analysis is appropriate. The number of people to pilot test the questionnaire depends on the research question(s), the objectives and size of the research project. This number is also dependent on the variations in the population; different scholars have divergent views on the number to pretest the questionnaire. Saunders et al (2012) postulates that number of 10 for a small survey are ideal. While Mugenda & Mugenda (2003) argue that the number the number should be large and a pretest sample of between 1% and 10% is good depending on the sample size. A sample of 5 % respondents that is 10 tender committee members was selected to pilot test the questionnaire for this research. The Chronbach alpha was used to test reliability of the data collection instrument and an alpha of between 0.7 and 0.8 was considered to be sufficient enough to confirm and reflect the internal consistency of the instrument (Mugenda & Mugenda 2003). The chronbach Alpha for this study was: Competence of tender committee members 0.803; Regulatory framework implementation 0.827, while Tendering costs 0.867as per results, hence the data can be said to be reliable. To test validity the researcher discussed the questionnaire with the supervisor who gave guidance on the validity of items to capture data that represents the variables under study.

**Data Collection Procedures**

Data collection consists of two types: primary and secondary. The researcher collected primary data from the respondents using questionnaire by visiting the selected schools and made prior arrangement with the schools heads on the most appropriate time and day for the visit. During the visit for actual data collection the researcher briefed the tender committee members about the exercise and administered the questionnaire to the sampled individuals. Instances where the sample size targeted was not fully met due to absence of the teachers, questionnaires were left for collection after agreeable period by school principal.

Secondary data was obtained to supplement primary data. This was obtained by referring to existing official reports and document form the named entities, journals, other empirical researches in the area and any other relevant document from the libraries and internet. For example Minutes from schools B.O.G, tender committees’ minutes was relevant to this study.
Data Analysis and Presentation

The collected data was first checked for completeness, comprehensibility and subjected to integrity tests. It was then coded as per variable and units of analysis and entered Statistical Package for Social Sciences. Quantitative data was presented in form of frequencies and percentages. While qualitative data was presented descriptively. The study used Pearson’s correlation test (r) and alpha value p to establish the relationship between the dependant and the independent variables. Statements on likert scale measurement were analysed on the five point scale to obtain the overall measure on level of agreement.

RESEARCH FINDINGS

Effect of Competence of Tender Committee Members

This section contains the findings in respect to objective one which sought to analyze the effect of competence of tender committee members on access to procurement opportunities by upcoming SMEs in Limuru Sub-County. In order to handle procurement activities in the schools, 61.8% had competent staff in their respective schools with an average membership of 8 persons. The respondents were also asked to rate the competence levels of members of school tender committee. In a five point likert scale, they were asked to state the extent to which they agreed with statements. The results revealed that 43.6% of the respondents agreed that school equipped with qualified staff in procurement matters while 52.7% disagreed. This concurs with Boulter (1996) who argues that competence is combination of knowledge, skills, and behavior used to improve performance in procurement. He concludes that competence is also used as a more general description of the requirements of human beings in organizations and communities. In public secondary school, competence implies the knowledge, skills, and attitude needed by a staff member in procuring entity to fully facilitate implementation of regulatory framework provided by the Public Procurement Disposal Act (PPDA2005) and the Procurement Manual for Schools and Colleges for the purposes of socio-economic gains through enhancing SMEs accessing public procurement opportunities. Obanda (2011) agrees that Public procurement professionalism should be emphasized to enable SMEs access to public procurement contracts. Majority 50.9% agreed that tender committee composition was according to PPOA guidelines.

From the study 85.4% indicated that tender committee members are not frequently trained on emerging procurement matters while 47.3% agreed that bursars and Finance officers were conversant with procurement manuals for schools. Rambo (2012) argues that bursars and finance officers need basic orientation on management of the procurement process, they need further training in key areas such as stores and financial management, procurement ethics as well as quality control; they also need to be trained into the formal tools and methods friendly to SMEs.
participation, however all respondent agreed that no sensational training is given on ways to enhance SMEs participation in procurement

62.7% of the respondents agreed that tender committee members were not competent with procurement matters and this negates Rambo (2012) who found out that Contracts Committee members need to be conversant with the available formal scoring methods appropriate to offer an added advantage to SMEs as the former conducts the actual scoring while the latter approves the methods to be used. The study also revealed by 67.0% of the respondents that user departments were not represented in all procurement meetings. These findings confirms Rambo (2012) that most tender committee members in secondary schools lacked necessary skills to manage school procurement and tendering activities. This directly affects access to procurement opportunities by SMEs since PPOA expectations cannot be met.

Pearson’s correlation test revealed correlation (r) value of 0.25 and a p-Value (α) of 0.080 against the maximum P value of 0.05. This implies that there was no statistical significance of two variable of access to procurement opportunities by SMEs and level of competence of tender committee members in public secondary schools. This findings disagrees with the findings by (Obanda 2011) who stated that competence of procurement staff affects access to procurement opportunities by SMEs.

**Effect of Regulatory Framework Implementation on Access to Procurement**

This section contains the findings in respect to objective two which sought to establish the effect of Regulatory framework implementation on access to procurement opportunities by upcoming SMEs in public secondary schools in Limuru Sub-County. From this study, 86.8% admitted that regulatory framework implementation affect the award of tenders and contracts to SMEs. The respondents were then asked to indicate the extent to which they agreed with selected aspect of procurement regulatory framework management in their respective schools on a scale of Strongly agree, Agree, Not Sure, Disagree and Strongly disagree.

To establish the effects of regulatory framework implementation on access to procurement opportunities by SMEs, 45.5% indicated that their schools are not equipped with procurement manuals for schools and colleges while 18.2% were not sure. Procurement Manual serves as a guide to implementation of the Public Procurement and Disposal Act and the Regulations with special reference to public schools and colleges. It is meant to promote effective and efficient performance of the procurement function in public sector schools and colleges. The Manual also sets out functional relationships and internal controls that promote transparency and accountability in the procurement process.

For those schools that were equipped with copies of procurement manuals, 50.9% indicated that those procurement manuals for schools were not clear and obscure bidding procedures shielded
by vested interests. 74% of the respondents agreed that supplier selections are influenced by politicians, principals and other external players, 90.4% revealed that PPOA or its agents have never done any procurement review/audit in your school. This confirms Kingori (2012) who found out that procurement procedure in public secondary schools in Kenya are interfered with by both internal and external, this results to lack of transparency that sidelines SMEs in public procurement. Seventy point nine 70.9% agreed that award of tender is based on defined selection interest favoring established enterprises. Therefore according to Puddephatt (2012) there is still a considerable gap between the regulatory framework and its effective implementation in Kenya and what is more is that, laws tend to be manipulated for the benefit of the minority who in most cases are established enterprises. This was further confirmed by 72.8% who indicated that the level of bureaucracy in procurement procedures discourages youth owned SMEs from applying for tenders. Puddephatt and March (2012) concurs that weak national regulatory framework is often the root of challenges facing SMEs in public procurement.

78.2% of the respondents agreed that weak enforcement measures of procurement laws contributes SMEs not accessing procurement opportunities in public schools. This confirms Kingori (2012) findings that the level of adoption of the procurement manual is very low in public schools and are still struggling to eliminate the traditional procurement systems they are used to that may be hindering the SMEs from winning tenders and contracts in public secondary schools. This forms a weak regulatory framework in the procurement processes in public schools.

Over 90.0% of the respondents agreed that long term suppliers’ relationship hinders upcoming SMEs from accessing procurement opportunities and therefore according to Crosby (2014) authorities are being encouraged to think about SMEs from the outset in their tender processes and to consider whether contracts can be divided into smaller lots to further support SME participation. The move also reduces over-reliance on one or a small number of suppliers and increase competition.

Pearson’s correlation test did not establish the relationship between access to contracts and tenders and the effect of regulatory frameworks. The test showed a correlation coefficient (r) of 0.158 and a p- value of 0.28, which implies that there was no statistical significance of the two variables that is access and regulatory frameworks implementation. The findings disagrees with the findings by Obanda (2011) that stated that regulatory framework implementation in procurement affects access to procurement opportunities by SMEs

Effect of Tendering Costs on Access to Procurement Opportunities

This section contains the findings in respect to objective three which sought to find out the effect Tendering costs on access to procurement opportunities by upcoming SMEs in public secondary schools in Limuru Sub-County. In this context, 89.1% revealed to this study that financial
requirements during tendering process have effect on the SMEs wining tenders in secondary schools. The average cost of tendering document was 1900 Ksh; the minimum was 1500 Ksh and the maximum amount required was 2500 Ksh.

The findings showed that 89.1% of the respondents indicated that payments to acquire tender documents discourages SMEs from acquiring tender documents, the study was also informed by 52.7% that in order to win a tender, supplier registration is emphasized in the school. 69.1% of the respondents disagreed that large contracts are sub divided into sub contracts to be awarded to more suppliers. In terms of payment 76.7% indicated that suppliers are not paid promptly within 30 days after delivery and this negates GOK (2004) that duration taken in tendering process should be as short as possible to enhance opportunities access by SMEs and effectiveness of tendering process in Public Sector. This concurs with Federation of Small Businesses (2008); Procurement Innovation Group (2009) and Choi Jeong-Wook (2010) who reveals that ensuring that payments are made on time is paramount. Therefore public sectors are required to comply with the law on duration taken in tendering process. If the time is not well managed it becomes very expensive to the SMEs interested in bidding for tenders in the public entities. (80.0%) of the respondents indicated that payments of suppliers are not done electronically like M-pesa. According to PPOA, the increased use of Information and Communication Technology (ICT) is vital given that the whole country is covered by the mobile telecommunication network and hence has internet accessibility. Particularly develop websites that may be helpful to SMEs by enabling cheap and quick communication.

Pearson’s correlation test established a relationship between access to contracts and tenders and tendering cost. The test showed a negative correlation coefficient (r) of -0.302 and a p- value of 0.033, which implies that there was statistical significance of the two variables that is access and effect on tendering cost. As the result shows, the relationship inversely proportional that means the higher the tendering cost, the lower the access and vice versa. This confirms the findings by Kathure (2012) stated that Costs during tendering process in public procurement affects access to procurement opportunities by SMEs

**Access to Procurement Opportunities by SMEs**

This section contains the findings in respect to access to procurement opportunities by small and medium enterprises in public secondary schools in Limuru sub-county, the study revealed that 40.0% of the upcoming SMEs win contracts and tenders in various secondary schools. This implies that access to procurement opportunities by SMEs in public secondary schools is relatively low

The respondents were then asked to indicate the extent to which they agreed the rate of access to procurement opportunities by upcoming SMEs in public secondary schools. The results revealed that 67.3% % of the respondents indicated that equal opportunities are not balanced between
upcoming SMEs and established enterprises more tenders and contracts are awarded to established enterprises; 82.2\% of the respondents agreed that established enterprises win more tenders and contracts in comparison to the SMEs. 63.2\% of the respondents agreed that procurement procedures used do not comply with the directive to secure 30.0\% of tenders to SMEs owned by Youth, women and disabled. However all respondents were in agreement that upcoming SMEs winning tenders will increase competition base. The further revealed that 85.5\% agreed that by more SMEs winning tenders and contracts, will enhance value for money in procurement. 52.8\% disagreed that school tender committees are doing enough is ensuring SMEs have access to procurement opportunities. This implied that according to most of the respondents’ lack equal opportunities affected the access to procurement process in the public secondary schools.

Therefore upcoming SMEs winning tenders, may increase competition base, school tender committee must do enough in ensuring that SMEs have access to procurement opportunities. This is in agreement Odhiambo and Kamau (2003) who argues that access to public procurement is clearly in the interest of SMEs. According to Vincze (2010), improved access for SMEs results in more competition, and is as one can expect likely to lead to better value for money for procurers, thus for the society.

**Other Factors Affecting Access to Procurement Opportunities**

In the questionnaire respondents were given a chance to suggest other factors in their own opinions that may affect access to procurement opportunities in public secondary schools by SMEs. Other factors suggested by respondents that affect access to procurement opportunities in public secondary schools include, unethical practices in procurement process in public secondary schools. Despite existence of qualified tender committee members, unethical practices during tendering processes is a dominating factor on access to procurement opportunities by SMEs which accounted for 72\%. 60\% of the respondent suggested that with the provision of free secondary education funds, the Government of Kenya committed itself to remit tuition funds to secondary schools. Delayed remittances make schools delay payment of suppliers discouraging SMEs from applying to supply in public secondary schools this affects access to procurement opportunities by SMEs.

Ministry of Education, Sponsor dictates the choice of suppliers in schools this was confirmed by 52\% of the respondents also 42\% of the respondent confirmed that lack of awareness by SMEs on available procurement opportunities in public secondary schools in another factor that negatively affects access to procurement opportunities by SMEs.
CONCLUSIONS

Competence of Tender Committee Members

The study established that competence level of the staff members in tender committees is too low than expected by PPOA, although the schools are equipped with qualified staff. PPOA has not yet initiated any training on procurement matters, tender committee members are never trained on the formal tools and methods friendly to SMEs participation. However the study findings revealed that there is no statistical significance of two variables that is access to procurement opportunities by SMEs and competence level of tender committee members in public secondary schools.

Regulatory Framework Implementation

The findings of this study revealed that most public secondary schools are not equipped with procurement manuals for schools and colleges. For those schools that were equipped with copies of procurement manuals, the respondent felt that the procurement manuals for schools were not clear and obscure bidding procedures shielded by vested interests. However from the study findings there is no statistical significance of the two variables that is access to procurement opportunities and regulatory frameworks implementation. PPOA should do more on auditing in secondary schools and monitor closely the procurement procedures used to enhance strong enforcement measures of procurement laws.

Tendering Costs and Access to Procurement Opportunities

The study also sought to investigate the effect of tendering costs on access to procurement opportunities by SMEs in public secondary schools. The study findings indicate that there is significant negative relationship between tendering costs and access to procurement opportunities in public secondary schools by SMEs. PPOA should incorporate cost reduction strategies in public secondary schools procurement process that are within the law.

Other Factors Affecting Access to Procurement Opportunities

The study established that alongside competence of tender committee members, regulatory framework implementation and tendering costs respondents were able to suggest other factors that affect access to procurement opportunities in public schools by SMEs. Some of them were:

Lack of Ethics in procurement process in schools where dishonest person in the tender committee is in a position to demand or to receive personal enrichment or other personal
advantages in return for granting a purchasing contract or placing an order, or for preferential treatment from the supplier this hinders access to procurement opportunities by SMEs.

Political and legal issues where the Government of Kenya committed itself to provide free secondary education by paying tuition fees for all students in public secondary schools, many times this funds are never remitted in good time leading to delayed payment of suppliers in schools this discourages SMEs form applying to supply in public schools.

Ministry of Education, Sponsor sometimes dictates the choice of suppliers in schools sidelining the interested SMEs and lack of awareness by SMEs on available procurement opportunities in public secondary schools.

RECOMMENDATIONS

The study recommends that PPOA should roll out school based training for all members of staff dealing with any procurement matters. The training should focus on formal tools and methods of procurement friendly to SMEs participation. On regulatory framework implementation many schools are yet to adapt to procurement manual for schools and colleges the PPOA should therefore do more on auditing in schools and monitor closely the procurement procedures used in schools to enhance strong enforcement measures of procurement laws. On tendering costs incurred during the tendering process, PPOA should incorporate cost reduction strategies in public secondary schools procurement process that are within the law also more policies should be formed and implemented to improve on SMEs participation in public secondary schools procurement. The Government should remit the free secondary education funds in time to facilitate prompt payment of supplies.

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