

**RESOURCE AVAILABILITY AND EFFICIENCY OF TENDERING  
PROCESSES IN THE MINISTRY OF WORKS HEADQUARTER  
GARISSA-KENYA**

**BY**

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**A PROJECT DISSERTATION SUBMITTED TO THE DEPARTMENT OF  
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MANAGEMENT IN PARTIAL FULFILLMENT OF THE AWARD  
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MANAGEMENT AT KAMPALA INTERNATIONAL  
UNIVERSITY**

**NOVEMBER, 2010**

## DECLARATION

This dissertation is my own original work and was carried out to the best of my knowledge and has never been presented for a Diploma or Degree award in any University or College or other institution.

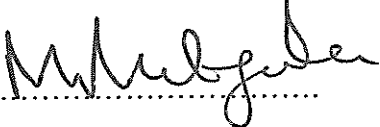
Signed  .....

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Date 22/10/2010

## APPROVAL

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

Signed 

MR. RUTEGANDA MICHAEL  
[SUPERVISOR]

Date 22/11/10

## DEDICATION

This work is dedicated to my parent who has been my inspiration, my lovely uncle Mr. Ali *Ibrahim* his financial and moral support, my sister *Habiba* for her selfless support in my entire academic life, lastly to all my lovely cousin *Yusuf, Abdirahman, Moha* ,etc and my entire family.

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# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 Background to the study**

Procurement is defined as the process through which an entity acquires work, goods, or any combination of these in exchange for payment of price. The process may be simple or complex but the important thing to note is that it is regulated by laid down procedure which must be followed. It does not matter whether or not there are economic benefits if the registration has not been followed in the procurement process (Induction manual for procurement assistant. 2004).

Tenderer refers to a person submitting a tender while tender document refers to the document provided by the procuring entity to the tenderer as a basis for preparation of their tenders.

Work refers to all work associated with constructions, reconstructions, demolition , repair or renovation of roads bridge, dumps, buildings or structures , installation of equipments and materials decoration as well as services incidented to works (Cahaba 1990).

Procurement is defined as a process through which an entity acquires, work, goods and services or any combination of these in exchange of payment of a price. The process may simple or complex but the important thing to note is that it is regulated by laid down procedures which must be followed. It does not matter whether or not there are economic benefits if the registration has not been followed in procurement process (Induction manual for procurement assistant. 2004).

In public organization there are various procurement methods used. The method used depends on the organizations procurements regulations, practices and the rules. Any of the following procurement methods may be used.

Open competitions bidding helps to invite tenders from a large number of suppliers by giving advertisement in the press. Where tenders are to be obtained from foreign suppliers a global tender is issued in the international level. The method is used where high value contract is involved and aims at improving effectiveness and efficiency in the procurement processes in terms of economical condition and fairness respectively. It is also good since it is non-discriminative to candidates.

There are shortcomings encountered in tendering systems for public institutions. These include lack of fair competition from various tenderers instead of inviting all interested parties in the case of restricted tendering. The few tenderers may take advantage of the firm and collude to inflate their prices. Under selective (restrictive) tendering the tenderers are selected according to previous performance, good reputation, financial capability, experience, technical proficiency. While in open tendering every vendor is invited to tender for the supply of goods, services or works.

In case where procurement is done without contract document, then it is direct (single) tendering and transparency is not adhered to. The public procurement and disposal Act, 2005 section 29 lays emphasis on the use of open tendering but allows the use of other procurement methods. This emphasis is mainly achieving the purpose of the Act which is:

- To promote competition and ensure that competitors are located fairly
- To maximize economy and efficiency
- To promote integrity and fairness of the procedures
- To increase transparency and accountability in those procedures
- To increase public confidence in those procedures and facilitates the promotion of

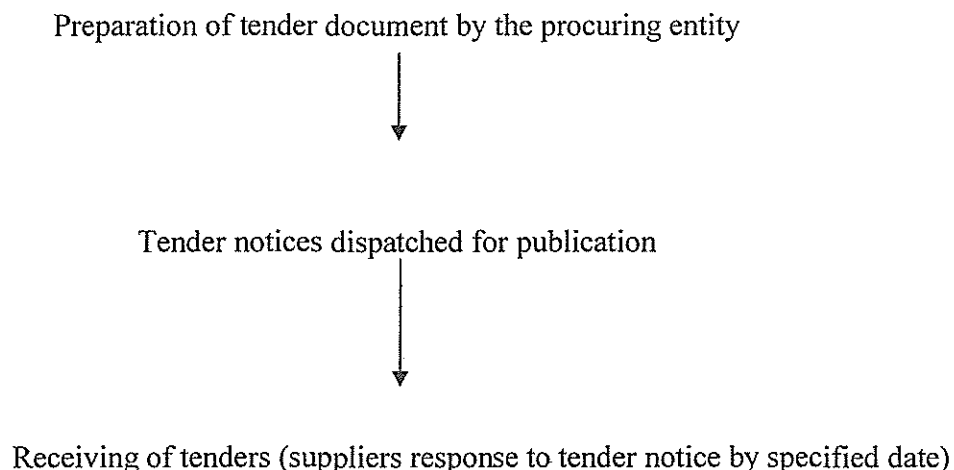
the local industry and economic development

- Increase integrity and fairness of procedures.

Tendering processes increases the level of interest and competition for maximum, since all interested suppliers are invited to tender where the method procurement allow such practices. Public sector purchases are accountable to the public whose money is spent in the procurement process including the nullified vendors & potential suppliers. They must produce procedures and practices which will stand up for scrutiny during either government auditors or to the challenge through the counts of any purchasing decisions that have been made. The primary purpose of public accountability is to prevent abuses of tax payers Money in this view open tendering was most practical in public institutions. The requirement for tendering must ensure that the procuring entity shall prepare an invitation to tender documents. The tender document must be properly prepared with proper specification for all items stated. The set of tender document include the following:

1. The name and the address of the fund
2. A brief description of the goods, works and services to be obtained, including desired time limit for delivery or competition
3. The means and conditions for obtaining the tender documents and the place from which may be obtained.
4. The place and deadline for the submission of tenders along with an announcement that tenderer representatives are allowed to attend the opening of tenders.
5. Conditions attached to the tendering process.
6. Confidential business questionnaire.

**The diagram bellow indicates the stages involved in tendering process.**



## **1.2 Statement of the problem.**

There has been a tremendous increase in the tendering systems in the public institutions in line with international best practices which has led to the establishment of an institution to oversee public procurement oversight Authority (PPOA). It ensures effective and efficient procurement of goods and services for the public sector. Though tendering is effective during the procurement process. It may have drawbacks if the pre-requisite guidelines are not properly implemented. Sounder (1999)

There was inefficiency as evidence by slow tender appraisal, evaluation, adjudication, communication, agreement and execution of the contract. The staffs carrying out the exercise might be few and at the same time in most institutions work is done manually thus need of a computerized procurement so as ease the work load and realizes effectiveness. Also to ensure that suppliers are bought at the right time, procurement managers has to ensure that tenders are appraised and evaluated in time to enable the users obtain the requirements at the right time.

### **1.3 General objectives of the study**

To establish the Resource availability and efficiency of tendering process at ministry of works and determine the limiting factor underlying the process.

#### **1.3.1 Specific objective of the study**

1. To determine the resource availability and efficiency of the tendering process within ministry of works
2. To establish the benefits of tendering process in the procurement of goods, services and work within ministry of works
3. To establish if tendering process are fair and contribution to organizational profitability.

### **1.4 Research questions**

In order to accomplish the objectives of the study, the guiding questions in the study will as follows.

1. To Examine the resource availability and efficiency of tendering process within ministry of works?
2. To investigate the benefits of tendering at ministry of woks?
3. To investigate if tendering process are fair and contribute to organization profitability?

### **1.5 Significance of the study**

The study will benefit the following

1. Top management of ministry of works since it will identify any gap in the organizations tendering processes hence the research will aid in enhancing efficiency in the system.



2. The study will also serve as a crucial source of additional knowledge and expertise on the appropriate processes in tendering method in public institutions.
3. This will benefit the shareholders through improved organizational profitability and productivity.
4. Proper tendering systems help enhance customer satisfaction for it promotes economy and efficiency in public procurement and also ensure that procedures are conducted in a fair, transparent and non-discriminatory manner and thereby contributing towards a sound business climate.
5. The study provides a recommendation that helps to improve the efficiency and effectiveness of the tendering system.
6. To competitors that attract high quality national and international partners who invest in meeting the firm's need through contracts thus leading to high quality goods production leading to improved profitability.
7. The marketing and P.R. department which use the study to improve the corporate image of the organization.
8. As a student i.e. partial fulfillment for the award of Bachelor degree in supplies and procurement management at Kampala International University.
9. The study will be useful to other scholars since it provides recommendation for further studies into the tendering system.

## **1.6 Limitation of the study**

The scope of this study shall cover the resource availability and efficient operation of the procurement department as pertain to tendering methods in public institutions. However due to time limit, the study is limited to ministry of work procurement department and

will be based on sample representation selected at random. The procurement and supplies profession is relatively new concept in Kenya hence availability of secondary data in this field will be bottleneck and there it may hinder adequate comparison. Financial constraints led to researcher to concentrate on public institutions within his locality due to raising cost of transportation. This has lead to closed area of research. Respondent who were consulted were not willing to relevant information as required especially when using questionnaire. However a good percentage to fulfill the research objectives responded.

## **1.7 Definition of terms**

### **Tendering/tender**

Refers to an offer in writing by a tenderer (buyer), to supply at a price goods, services or works pursuant to an invitation to tender by procuring entity -buying firm (Lyons, 1993).

### **Procurement**

Refers to a form whose genesis can be traced to early government parlance. Today it's widely used by the armed forces to define one of several supply functions involved in logistics activities. In broadcast sense, the government defines procurement to include entire process by which all classes of resources (people, materials, facilities and services) for a particular project are obtained (DoblerXamar and Burt, 1996).

### **Purchasing**

Refers to the function of a business undertaking which is responsible for the buying of materials, supplies, tools and equipments machinery and services, required to produce certain goods and services. The scope of purchasing is restricted to merely include all

activities which are necessary to buy the material and the objective of purchasing is to make available materials of the right type, from right suppliers in right quantities and at right time. Generally purchasing will be defined as the process of identifying the need of materials, locating and selecting a supplier, negotiating terms and price buying, follow-up and expediting to ensure timely delivery (Chopra,2005)

### 1.8 CONCEPTUAL FRAMEWORK

The conceptual framework helps the researcher to explain the research topic through definition of variables within the topic. These are independent variable which product, contract, determine and influence the dependent variables. We also have interviewing variables which work with the independent variables to influence the depend variables. For the purpose of the research the independent variable will be **resource availability** and the dependenent will be **efficiency in tendering process** intensifying variable may include planning, information, government policy etc

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

The chapter shows how the problem under study relates to the persons research and literature. It presents researchers critiques of findings from other studies done in related areas and reveals the gaps in literature as concerning tendering processes.

#### **2.2 Tendering**

The study will review tendering systems, its resource availability and efficiency to public institutions and the impact and specifically the measures put down by the government to monitor the tendering procedures. According to Chopra S. & Meindle (2005), tendering refers to an offer in writing by a tenderer, to supply at a price specified goods, services or works pursuant to a n invitation to tender by procuring entity. Therefore tendering is a procurement process aimed at acquiring materials through the various methods of procurement to tendering system.

It is agreed and recognized that tendering procedures are generally used where the contracting authority anticipates that competition is likely to be very high because of the many known suppliers (vendors) or low due to specialist nature of the goods services or works then the use of tendering procedures increase the level of interest and competition to the maximum available, since all interested suppliers are invited to tender (Bailey 1986).

The most important procurement decisions are concerned with defecting the right source of supplies simply if correct decisions are made in a particular instance, then the procuring entity will also be most perfectly in such circumstances that it would receives the right quantity at the right price at the right time and in the right quality (Jessop et al

1994).

Hence tendering systems and processes is a valuable tool in the evaluation and analysis of the most appropriate source of supplies since the process will recommend a vendor who will be able to meet the buyer's specification (Saunders M.N.K. Lewis P. & Thornhill, A. 2000).

This is because the tender system is a procurement procedure, where potential suppliers are invited to make firm and unrequited offer of the price and terms which an acceptance forms the basis of the subsequent contract (Lysons, 1996).

Companies use different terms to represent the procurement process in their organization.

They use names such as procurement, sourcing, purchasing, buying or acquisition. Despite numerous names however, the trend in recent years has been for companies to adopt tendering or procurement title.

Tendering stems out from military organization and was in use in days of Louis xiv of France. Even then it was clear that the effectiveness of the military organization did not depend solely on weapons, the fighting strength and the fighting spirit of the soldiers. It was also affected by the possibilities of tendering systems of the ammunition and food.

The rationalized consideration of procurement and tendering of materials, foods and ammunition was called tendering (Van weelc 1997). Tendering processes encompasses all procurement activities and functions from the time in need arc felt to the time the actual delivery is done and payment is done.

Tender is an invitation for offer from bidders without any collusion usually in sealed enveloped to be delivered by a time and date specified for the supply of goods, services and works (Burt, D.N, Dobler, D.W. & Starling, S.L. 2003).

Tendering for contracts would provide the best guarantee against corruption. If this was the sole consideration it might be worth insisting on such procedure/system used in tendering even though experience has shown that apparent competition during tendering cannot by itself always prevent the development of producers' rings and ties (Bailey 1986).

In tendering potential supplier may be identified from organizations and may include procedures, staff qualifications technical reference, satisfactory financial positions, historical performance, management strengths, insurance, health and compliance with the relevant legislation (Erridge 1995).

## **2.3 Tendering Processes**

### **2.3.1 Sourcing**

According to World Bank, tender is one stage bidding, process, where all interested services providers responding to an advertisement will be invited to submit a tender.

### **2.3.2 Competitive procurement**

According to Daily Nation Saturday, July 30<sup>th</sup> 2003 the Kenyan president Hon. Mwai Kibaki ruled out single-sourced contract. Then to go was De La Rue contract for printing money and the supply of police land rover car contract. It was the last item that sent shockwaves that De La Rue is informed that a decision has been reached to go for open tendering for the supply of our notes for the period after December 2004. It is being understood that De La Rue will be free to participate in the bidding process.

### **2.3.3 Need for tender procedures specification**

Preparation of the tender documents is the first and the same time the most difficult and important step into the procurement process. The tender documents are the principal

means of communication to the bidders and form the basis of their subsequent evaluation (World Bank, 1987). All tender documents must be completed in full as required, failure to complete the document including the confidential business questionnaire form in all tender, then it should be disqualified by the tendering board.

A set of tender documents should include tender application form tender from, comprehensive specifications and any special conditions applicable for the tender, confidential business questionnaire form, bid board form and performance board form (G.O.K 1989).

#### **2.3.4 Tender notices**

Standard local tenders should give tenderers a minimum of twenty eight days (28) from the first date of advertisement of the closing date. However, in case of complicated tender, all tenders which might attract bidders from outside country (international), the tender notice should allow a minimum of forty two days (42). Advertising tender should be done on the official Kenya gazette. In cases of international tenders, adverts should be done in accordance with the funding agreements with the donors (Exchequer and audit Act-public procurement) regulation 2001-legai notice no.51.

#### **2.3.5 Tender charges**

Since handling of tenders is expensive a small amount is levied on each tender. This amount is also meant to cater for advertising and producing the tender documents (public procurement user's guide. 2001). A minimum charge of ksh 2000 should be made for asset of tender documents in cases where preparation of the tender document and specification entails much technical preparation and much paper work, commensurate fee should be charged.

A rate of Ksh 5000 per standard sheet may be used as guide. The money should be accounted for as appropriation in aid (G.O.K 1989). It is advised that procuring entities



adhere to the requirement of regulation when providing tender documents to candidates making sure that candidate are not over under charged for the documents and that each document gives a clear and is as complete as it should be (public procurement user guide 2001).

### **2.3.6 Submission of tender**

A tender must be in writing. It must be signed and it must be sealed in an envelope. A tender and the envelope it is sealed in must bear the tender number signed to the procurement proceedings by procuring entity. It must be before the deadline for submitting tender and any tender received after that deadline shall be returned unopened. Any tender received by post must be deposited in the box immediately and if it is opened by mistake, then it should be recorded on the envelope before placing them in the tender box (Kenya Gazette Supplement Acts 2005).

### **2.2.7 Opening of bids**

Tenders should be opened as soon as possible after the closing and not later than two (2) hours. It will be opened by a tender committee of at least three (3) responsible officers appointed by the permanent secretary (Ps), whereby one of the members should be an independent person from a ministry not directly connected with the processing of the tender. For every tender a different committee will be appointed.

During the opening those submitting tenders or their representatives may attend the opening of tenders and as each tender is opened, the following shall be read out loud and recorded in a document called the tender opening register:-

- i) The name of the person submitting the tender.
- ii) The total price of tender including any modification or discount record received before the deadline for submitting tenders except as many be prescribed, and

- iii) If applicable, what has been given as tender security (Kenya Gazette Supplement Act, 2005).

#### **2.3.7 Evaluation of tenders**

The procuring entity shall evaluate and compare the responsive tenders other than tenders rejected. Normally they are two types of evaluation namely:-

- a. Technical evaluation - done by a Technical evaluation committee appointed for the purpose. The committee should be professionally qualified to rate all tenders offered in relation to quality and performance.
- b. Commercial evaluation- done by a ministry to consider the supplier rating and the financial aspects of the vendor. To evaluate the prices for various tenders who meet the specification laid down, a comparative statement will be used and it will show the base price, exercise duty, sales tax estimated price of delivery and freight etc (Kenya Gazette Supplement Acts, 2005).

### Flow chart of procurement process

Stage	Procurement entity		Bidder/ contractor
1	Define goods, works and services.  Package contracts. Mode of Procurement.		No action
2	Prepare tender documents		No action
3	If there is pre-qualification		No action
	No  No action	Yes  Prepare pre-qualification criteria and documents	
4	Advertise tender documents		Takes out document
5	Pre-bid meeting		Attend meetings or request Clarification
6	Issue clarification		Receives clarification
7	Receives bid and evaluate		Submit bids
8	Makes awards		Acknowledge award
9	Formalizes, sign contract		Sign contracts
10.	Issue notice to proceed		Start works

Figure 2.1 Evaluation of bids in procurement process

Sources (induction manuals for supplies officers, 2002)

### **2.3.8 Important conditions in tendering Equal opportunity Equal treatment of bidders**

- i. Sufficient time for bid submission
- ii. Fair conditions of contract
- iii. Standard and specification which promotes broadest possible competition, while assuming critical performance of goods and works.
- iv. Disclose evaluation criteria to be used in addition to price
- v. Apply without discrimination
- vi. Domestic preferences if allowed.

### **Award should be based on to the best bidder in terms of:-**

- 1) Price
- 2) Quantity
- 3) Quality
- 4) Time of delivery
- 5) Manufacturing capacity of the supplier
- 6) Mode of delivery
- 7) Terms of payment
- 8) Reliability of the supply
- 9) Financial strength of the supplier

**GRAGAB AGENCIES**

P.O BOX 2169

ELDORET.

**COMPARATIVE STATEMENT OF QUOTATIONS****OPENED**

TENDER NO.....

ON.....

NAME OF GOODS, SERVICE OR WORKS.....

SERIAL NO	NAME OF SUPPLIER	QUANTITY	PRICE	DUTIES AND TAKES	TERMS OF DELIVERY	REMARKS

ENTERED BY.....

CHECKED

BY.....

Figure 2.2: Specimen of comparative statement of quotations

**SOURCE: Lysons and Farrington (2006)**

During evaluation, clarification of bids may be requested from the vendor if necessary but no negotiations, counter offer or variation of the bids may be accepted (Gok., tendering procedure 1987).

### **Quality**

It is expected before giving to open of tenders the quantities of items to be procured within a financial term will be worked out as accurately as possible. Tenders usually calculate their prices as the basis of the quantities one is expected for supply.

For reason, ministries will not be allowed to alter the quantities shown in the original tender documents by more than 10%. Any variation will have to be subject to a fresher tender. It is also advised that conditions stipulated in a tender

#### **2.3.9 Notification of the award of contract**

Before the expiry of the period during which tender must remain valid, the procuring entity shall notify the person submitting the successful tender that his tender has been accepted. All other persons whose tender are not successful are also notified (Kenya gazette supplement Acts, 2005) must be in a way that they should not shy away prospective lenders from participation (G.O.K 1989).

#### **2.3.10 Submission of the tender application to the tender board.**

Tenders for adjudications should be submitted to the tender board within the first fifty five (55) days of validity period of the tender and when submitting the application, the ministry should indicate any preference giving reasons for the choice. Where the lowest price is not recommended, convincing reasons should be given for rejecting each lower offer or else the board will not endorse the recommendations (Kenya gazette supplement Acts, 2005). Appeals against decisions of the tender committee by the vendor are made to the accounting

officer of the recent ministry or to the permanent secretary (Ps) for the treasury.

#### **2.3.11 Contract agreements**

A contract which follows a tender award must be formalized by signing a contract agreement. The Kenya government contracts Act (cap 25) states that "a government contract in excess of (the sum of the Ksh 500,000 or the equivalent shall not bind the government unless that contract is signed by the accounting officer and counter signed by the Ps to the treasury or by a person specifically or generally authorized in writing on that behalf". The letters to award of contract are required to have approval of an authorized officer of the treasury before they are released (G.O.K. 1989).

#### **2.3.12 Execution of contract**

Sometimes government contractors do not honor contract strictly in accordance with the conditions of the contract agreement. For example, failure to impact competent performance or delivery of the goods in accordance with the approved quality, quantity and delivery schedules, agreed upon. The officers handling contracts should seek legal redress wherever provisions of the contract agreement are infringed to ensure satisfactory performance (Kenya gazette supplements Acts, 2005).

#### **2.3.13 The resource availability and efficiency administration of the tendering process in public sector include:**

**2.3.13.1 Money** enables an organization maximum choice between alternatives. an important aspect of money is liquidity or ready availability. too much money tied up in plant or stock may limit the ability of enterprise to take advantage of opportunity

**2.3.13.2 Physical facilities** include plant and machinery. Important strategic factors are location, life, flexibility or alternative uses and the danger of obsolescence. such factors influence decision regarding whether to buy or hire facilities or outsource certain operations.

**2.3.13.3 Human resource** include the specialized competences of the work force and how easily specific attribute can be acquired or replaced. on availability of resource may limit the achievement of corporate goal and lead to the search for alternative means of acquiring them such as via partnership agreement or outsourcing. Other resources, including patent and reputation may provide an organization with competitive advantage over rivals in the same industry.

**2.3.13.4 IT Resources** facilitates rapid communication between the organization and its external contacts, including customers and supplies in addition to being source of intelligence.

## **2.4 Ethics**

Lack of ethics during the tendering process hampers the effective implementation of the process. During tendering, the tender board and committee have ethical obligation to three people i.e. employer's, vendors and colleagues in the process.

### **Obligation to the employer will include:**

- a) Buyers must protect information which is confidential or proprietary to her employer.
- b) All buyers are obligated to protect and enhance the organization's reputation.
- c) He's obligated to perform his duties in the best way possible to help the organization achieve all legitimate objectives.

### **Obligations to supplier**

- a) A buyer is obligated to strive for an equitable settlement of business for both the firm and buyers and suppliers firms.
- b) A buyer must treat all suppliers fairly and never to play favorites.
- c) Tendering committees are obligated to protect a vendor's proprietary information- such as things as design concepts, pricing structures.



### **Obligations preferred to colleagues**

- a) Since tendering is viewed as professional by the outside observers, as such the boards have obligation to protect and enhance reputation of that body of professionals.
- b) All the tender board committees should uphold and practice the PPOA (public procurement oversight authority) standards which are the sidelines to guide the professionals conduct.

#### **2.4.1 Conflict of interest**

Occurs when a buyer loyalty is divided between his firm and an external organization with which we have an opportunity to do business.

It's common where buyers are substantial stock holders in a supplies firm hence by placing volume of business with that supplier he will stand to benefit personally. To prevent this board and committees should not permit tenders from such suppliers who hold investments with board/committee members. Buying from financial/relatives can create potential conflict of interest if a supply firm is owned by a friend or a relative; the variation of the situation above should be discouraged. Personnel should refrain from participating in any deliberations.

#### **2.4.2 Lack of information**

On how to go about the process of acquiring goods, services or workers leads to shoddy goods, service and workers. Knowledge and skills in carrying out the tendering process can be acquired through the assistance of manuals, the PPOA regulations

#### **2.4.3 Political neutrality**

The board should not be in or in connection with the performance of his duties as such

act as an agent for, or so to further the interests of a political party or indicating support for or opposition to any political activity that will or may compromise the political neutrality of his office.

#### **2.4.4 Nepotism**

A member shall not practice nepotism or favourism.

#### **2.4.5 Giving of advice**

The member has a duty to give advice and the advice given should be honest and impartial advice without fear or favors.

#### **2.4.6 Benefit of efficient tendering process**

The benefits of establishing an integrated tendering process within public institutions will assist all entities in an economic environment of constant competition and to maximize economy and efficiency.

#### **2.4.7 Efficient service delivery**

The tendering system will help in transforming procurement and plays an integral role in the efficient functioning of the public procurement system. Tendering process will play a key role is in assisting us the entity to provide goods and service to ministries at reasonable costs.

#### **2.4.8 Transparency and fairness**

The goal of tendering process is to transform the public procurement systems in order for better achieve economy, efficiency, transparency and fair competition which will contribute positively for social-economic development.

#### **2.4.9 Commitment**

Tendering will perform public procurement which is exemplified by formation of tender committees and tender bodies i.e. Public Procurement Oversight Authority (PPOA) and

also the support of government and the ministries concerned, thus streamlining the procurement systems.

#### **2.4.10 Promote local industries**

Through regulations under the Act, some contracts are exclusively reserved for buying county companies (Kenya companies) ensuring that our citizen reap the benefits of an expanding economy. Through the Act Kenyan companies will get exclusive preferences for tender that seek for provide goods and services worth below Ksh 50 million and tenders for works worth 200 million and below.

Also in a bid for build the capacity of more Kenya enterprises, international bidders who have input from Kenyans will have an advantage during procurement.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter is organized into research design, population sample designs, sampling techniques under area of study, data collection procedures and data analysis. The research was an empirical study as the tendering process in public sector.

#### **3.2 Research design**

The study adopts a descriptive design; descriptive research will help to describing the state of current affairs and assess the performance of the situation. It was also felt to obtain information that describes existing phenomena through asking individual about their perceptions, attitudes, behavior or value. The study was also conducted through semi-structures questionnaires which was distributed or delivered by hand to the respondents.

#### **3.3 Population and sampling techniques**

The study was conducted in the ministry of works and the target populations are staff of the procurement department where tendering prices is applicable and suppliers who supply the public organizations. The employees consist of a total of thirteen respondent's population

Category	Population
Final managers	2
Middle managers	4
Junior managers	5
Subordinate staff	2
Total	13

Primary; source

### 3.4 Stratified random sampling techniques

In pre-testing the questionnaire one member of the staff and a supplier of ministry of works was picked to fill out the questions. The reason for pre-testing is to find out any weaknesses in the questionnaire to enable necessary corrections to be made before actual field study.

### 3.5 Sample size

The total simple size was 13(thirteen) elements and was include two(2) senior managers, four (4) middle managers, five (5) junior managers and two (2) subordinate staff. The junior managers and subordinate staff shall include stores assistants, legal office, and management accountants.

### 3.6 Data collection methods

The study used primary data gathering from the respondents through a survey. The instruments for data collection shall be personal interview to the manager procurement and supplies and his assistants. A comprehensive questionnaire shall he designed to collect data from target employer and other stakeholders involved in the procurement process. Most of the questions shall use rating scales to record responses.

A pilot study was conducted before the research engages then in the actual research.

Interview scheduler and self-administered questionnaires was presented and therefore any required adjustment rioted would be done to the questions. The final questions and interview schedule was then be administered to the sample population. The answers to these questions was recorded on the questionnaire sheets.

### **3.7 DATA ANALYSIS**

The data obtained was then arranged using both quantitative and qualitative measures whereby; in the quantitative analysis the study findings was then analyzed using percentages, charts and graphs.

## **CHAPTER FOUR**

### **RESEARCH FINDINGS AND DISCUSSION**

#### **4.1 Introduction**

This chapter presents an analysis of the data obtained from the questionnaires response by the employees working in with other stake holders

The main objective of the research was to identify the resource availability and efficiency of tendering process in public organizations. It also identifies the extent in which the approved procedure of tendering is used and specific problems encountered during the process.

It was also establish the loopholes in the process and make recommendations on implementation of (ie system. Two questionnaires were presented for pretesting. This pilot study was then done 10 determine the accuracy and relevancy of the questionnaire, whether the questionnaires are okay the full batch was dispatched but incase the questionnaires have a problem, necessary adjustment was made to the questionnaires.

The final questionnaires and interviews was then be administered to the sample population.

In total thirteen questionnaires were dispatched out of which twelve (12) were returned which indicate 93% response.

#### 4.1.1 Experience of Employees

The experience of the employees interviewed was as shown in the table below.

Years	Frequency	Percentage
5	1	77%
6	3	23%
7	1	33%
8	2	15%
10	2	15%
12	2	15%
15	2	15%
Total	13	100%

**TABLE 4.1.1 experiences of employees** SOURCE: field data

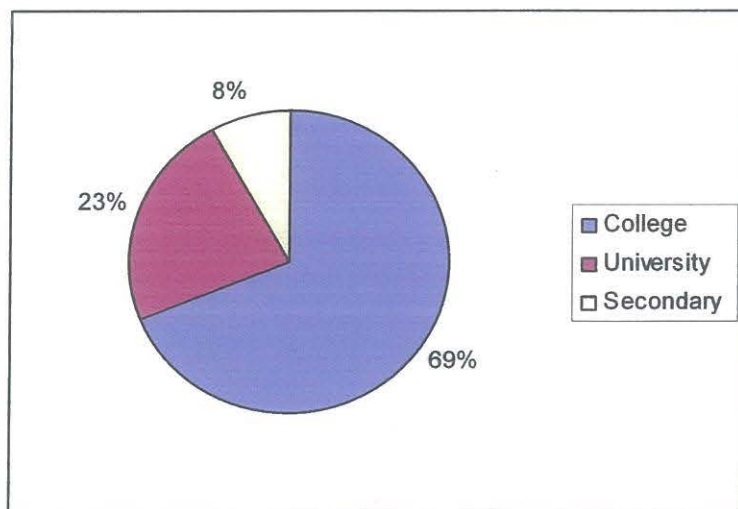
A total of fifteen respondents were presented with questionnaires, out of which thirteen responded which is 87%. According to table 4.3, 77% have worked for live years 23% for six(6) years, 7.4% for seven (7) years, 15% for eight (8) years, 15% for ten (10) years twelve(12) years and Fifteen (15) years respectively.

This shows that the experience was a key requirement as qualification that staff in procurement should poses, and on average all the respondents had been on employment for a period of eight years.

#### 4.1.2 Education Background

The results obtained show the level of education acquired by the respondents in the fields. This is represented in the pie chart below.





**Figure 4.1: Education Background**

**Source: field data**

The results indicate that majority of the respondents have college level of education, which stands at 69%. This level of education is good combined with the broad experience gained by these people for sound response to the study. The study also shows that 23% of the respondents had attained university education while 8% had attained secondary level of education and had vast experience in the field, thus good response of the study by these personnel due to their wide knowledge, skill and understanding of the process.

#### **4.1.3 Reasons for tendering in public organization**

On why tendering is carried out in public organization, respondents gave various reasons as shown below. The reasons indicated were, transparency, fair competition and invites interested parties.

REASONS	FREQUENCY	PERCENTAGE
Transparency	4	31%
Fair complete	6	46%

Invites interested parties	3	23%
Total	13	100%

**Table 4.2 : research for open tendering Source: field data**

The respondents interviewed indicated that 31% had a reason supporting transparency, 46% was due to fair competition among the bidders while 23% felt that it was due to the fact that tendering will involve many interested bidders.

#### **4.2 Benefits of open tendering**

On the benefits of open tendering the response of the respondents were as shown below, but according to the study there were various importance that the respondents felt that tendering process contributed to.

Benefits	Respondents	Percentage
Reduced malpractices	5	38%
Fair prices quoted	9	69%
Fairness in the process	7	54%
Wider scope of market covered	10	77%
Sustainable sources of supplies and suppliers	3	23%
High quality supplies	2	15%

**Table 4.3 benefits of open tendering Sources: field data**

From the respondents interviewed, it shows that 38% confirmed mal practice are reduced, 69%) felt that fair prices are quoted, 54% fell that the process tender to be fair and is enhances a wider scope of the market is covered whereby 77% felt that it's true, 23%

sustainable sources of supplies and suppliers who can be relied on and finally 15% felt that tender process promote competition and results for quality supplies.

#### 4.2.1 Limitations encountered in tendering process

Limitations	Frequency	Percentage
Expensive in terms of advertisement and stationery	11	85%
Too much time taken due to clerical work	6	46%
Bureaucratic procedures	7	54%
Time validity of tender too short	3	23%
Suppliers being unable to raise securities	2	15%
Lack of enough personnel	1	8%
Lack of modern information system	1	8%
Some suppliers not within buyer's proximity	2	15%

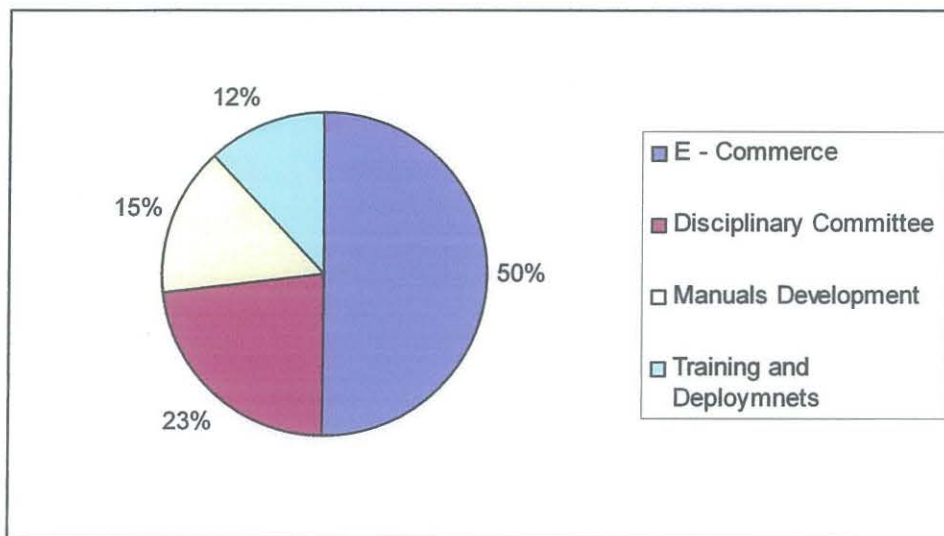
**Table 4.4: limitations of tendering process**

**sources: field data**

According to the study it indicates that 84% felt that tendering is expensive to administer in terms of advertisement and stationeries. 46% said that too much time was taken due to the clerical work involved in the process, 54% felt that bureaucratic procedures had an impact on the tendering process, 25% said that the validity of the tender is given tends to be too short, 15% indicated that the amount paid as securities were too high that many suppliers were not able to raise, 8% of the respondents felt that both lack of personnel and developed e-commerce skill were a limiting factor to the process and finally 15% said that suppliers were far away from the buyers premises..

#### 4.2.2 How to improve tendering process

According to the respondents majority of them felt there's need to introduce E-commerce in the process, others felt that training and deploying more staff would improve the process, still others felt that developing of manuals which precisely lays the procedures to be followed during the process would improve the process. More so, the formation of disciplinary committees to discipline professionals who do not follow laid down procedures should be set up were feelings of some of the respondents.



**Figure 4.2 ways of improving tendering process.**

**Sources: field data**

Its clear from the chart above that 50% of the respondents felt that to improve the tendering process in public organization new technology like E-commerce should be embraced, 23% felt that introduction of disciplinary committees will improve the process while 15% thinks development of manuals which are precise and accurate could improve the tendering process however 12% said that training and deploying of staff is required to achieve the goals of the process.

### 4.3 Problems encountered with suppliers

Problems	Frequency	Percentage
Delay in deliveries	10	77%
Lack of skill	3	23%
Non-conformity to specifications	7	52%
Complains of low prices	5	38%
Non-response by supplier	3	23%
Demand of payment after delivery	4	31%

**Table 4.5: problems encountered with suppliers**

**Source: field data**

From the table above it can be reviewed that the majority of suppliers make late deliveries and it consists of 77% non-conformity with a 53%, complains of low prices was another difficulty had a 38%. Another difficult was where suppliers demanded payments after delivery which consisted of 31% while lack of skills and non-responsive to invitation to bid for the tender had 23% each.

In order for the organization to overcome these problems the respondents came up with the following resolutions.

Resolutions	Frequency	Percentage
Supplier visits and appraisals	6	46%
Partnering with supplier	3	23%
Dual payment	2	15%
Price validation	2	15%
Total	13	100%

**Table 4.6 suggestion to solve problems with suppliers**

**Source: field data**

From the table it's clear that 46% supported the issue of supplier premises and appraisal to determine his capacity, 25% suggested that the buyers should partner with the supplier while the others supported dual payment and price validation each with a mark.

#### **4.3.2 Factors considered in selecting rights suppliers**

The respondents gave the following factors as shown in the table 4.7 below. According to the study it showed that factors that majority considered was price and quality which comprised 46%. The other factor that they deemed important included capability and competence which consisted a 23% while financial stability and delivery time comprised 15% each.

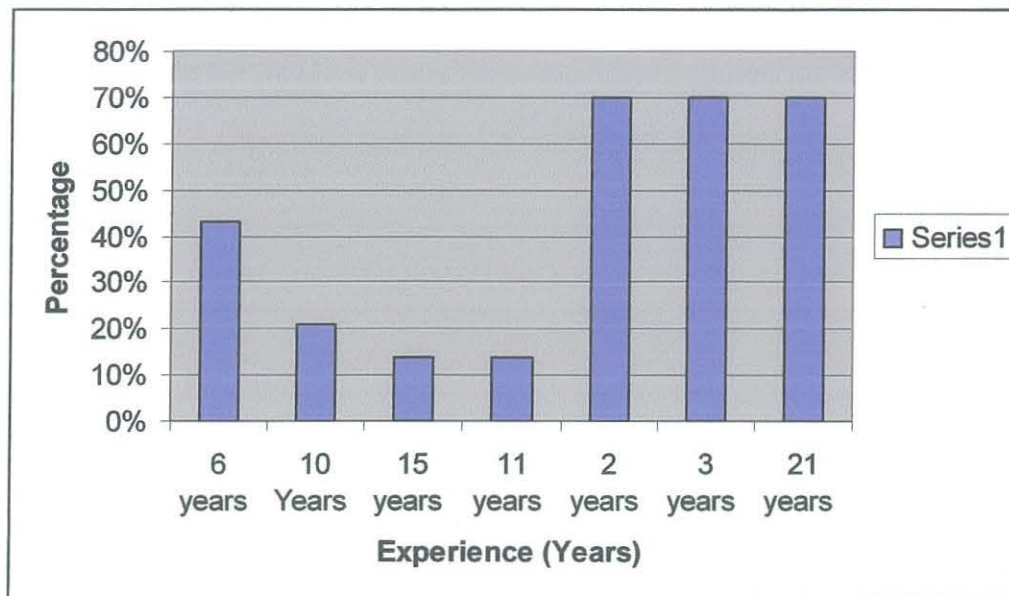
<b>Factors</b>	<b>Frequency</b>	<b>Percentage</b>
Financial stability	2	15%
Capability and competence	3	23%
Price and quality	6	46%
Delivery time	2	15%
Total	13	100%

**Table 4.7 Factors in selecting suitable, supplier**

**Sources: field data**

#### **4.4 Background of suppliers**

According to the study the suppliers have been in existence between 2 yrs and 21 years as shown in the figure.



**Fig. 4.3 Supplier experience.**

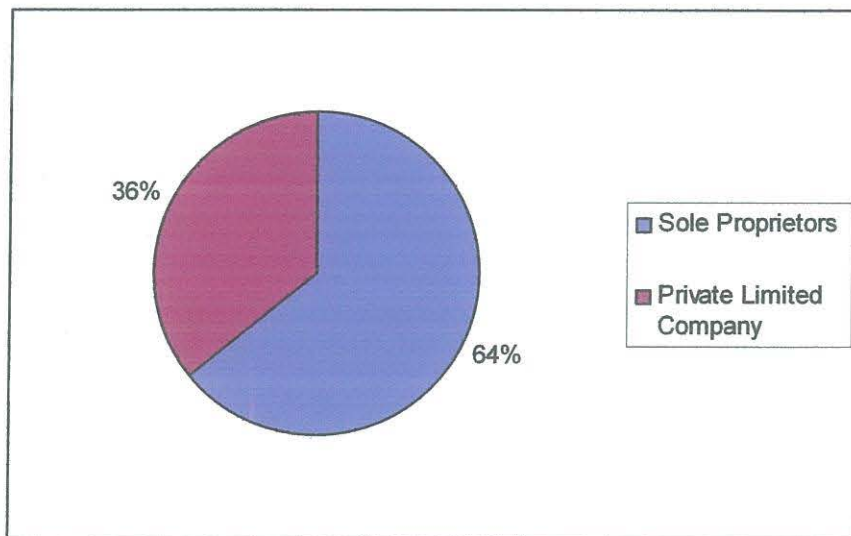
**Sources: field data**

From the figure above it shows that suppliers had an average experience of seven years. It indicates that supplier's bad-good experience to respond positively to the study. On the interpretation part it shows that majority of the suppliers had six years experience which is 43% followed by 10 years experience with 21 %. Others had 15 and 11 years experience and comprising 14% while the rest with the 2, 3 and 21 Years experience consisted of 70% each.

#### **4.4.1 States of the suppliers**

The legal states of the suppliers were nine for sole proprietors and five private limited companies. Six respondents were directors, five managers and three financial controllers.





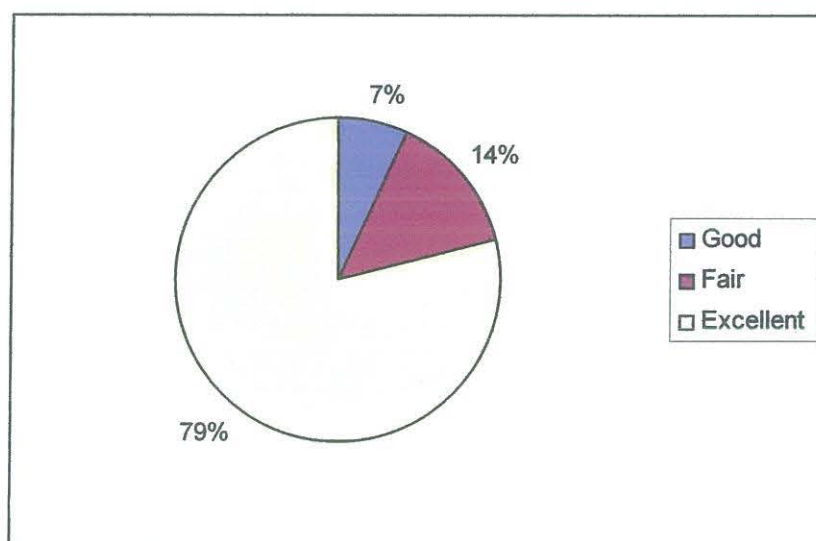
**Fig. 4.4 status of suppliers %**

**Sources; field data**

From the chart above it's clear that majority of the suppliers were sole proprietors comprising 64% and private limited company consisting of 36%.

#### 4.4.2 Views on tendering systems by suppliers

From the study the results indicated that majority of the suppliers viewed tendering as good, fair while others still felt that the process is excellent.



**Sources: Field data**



#### **Fig. 4.5 views of open tendering**

##### **4.4.3 Amendments of tendering process**

The interviewer asked the respondents on the amendments that could be made in tendering process and gave the following responses.

CHANGES	FREQUENCIES	PERCENTAGE
PUBLISHED RESULTS	1	7%
REDUCED TENDER. PRICE	7	50%
REDUCED PROCESSING TIME OF TENDERS	4	14%
NO CHANGES AT ALL	2	29%
TOTAL	14	100%

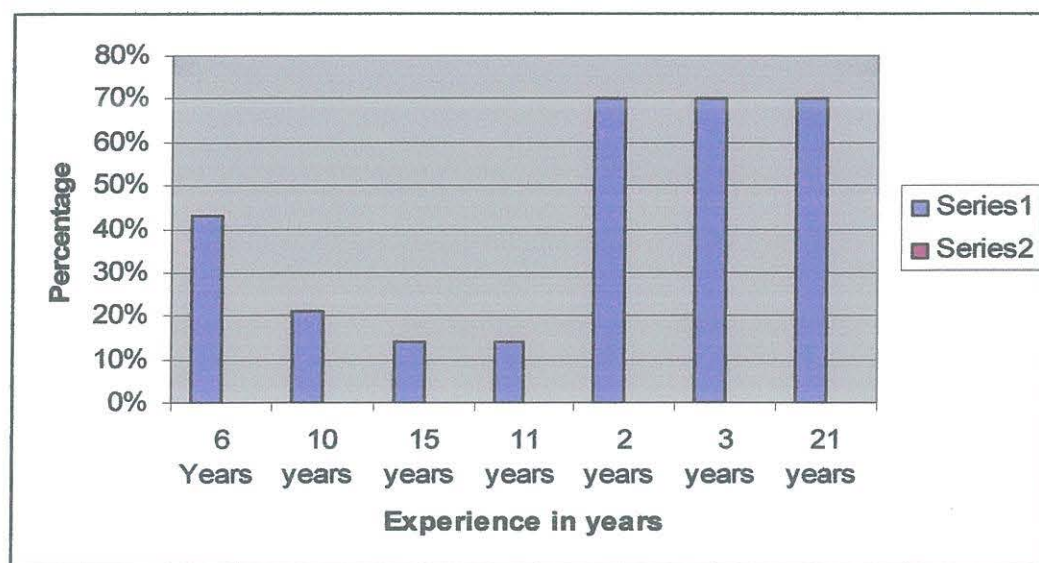
**Table 4.8: Possible changes in tendering process at ministry of works.Sources: Field**

##### **Data**

From the above it indicated that majority of the suppliers felt that prices of the tender documents needed to be reduced which comprised half (50%) of the respondents.

##### **4.4 Background of suppliers**

According to the study the suppliers have been in existence between 2 yrs and 21 years as shown in the figure.



**Fig. 4.3 Supplier experience.**

**Sources: field data**

From the figure above it shows that suppliers had an average experience of seven years. It indicates that supplier's had good experience to respond positively to the study. On the interpretation part it shows that majority of the suppliers had six years experience which is 43% followed by 10 years experience with 21 %. Others had 15 and 11 years experience and comprising 14% while the rest with the 2, 3 and 21 Years experience consisted of 70% each.

From the findings, it's evident that price and quality were given the first priority in determining the right supplier. Among others ministry of works considers capability and competencies. Financial stability and delivery time. It was not surprising from the results, for it's expected that for a competitive deal the criteria for awarding tender should always be dictated by the above factors.

According to the findings, it's evident that all prospective bidders did receive equal opportunity to participate in the tendering process. It's so since most of the suppliers suggested that the process is good, fair and other felt that it was excellent. More over, it's

transparent and very elaborate leading to high profits calling for more participation in the tendering process.

Tendering remains the most used procurement method as compared to other methods as justified in the findings of the study. Tendering is therefore considered the one effective and efficient method of procurement in public institutions.

## **CHAPTER FIVE**

### **SUMMARY CONCLUSION AND RECOMMENDATION**

#### **5.1 Introduction**

This chapter presents the conclusion and recommendation based on the study results and findings.

##### **5.1.1 Summary**

From the findings, the following is the summary of the study.

- 1) Tendering systems is one of the most appropriate procuring systems which an organization can use to ensure they procure goods, works and services in the right quantity of the right quality, at the right price and delivered at the right time and place.
- 2) Tender boarder committees have been established to handle the supplies and procurement operations and are responsible to ensure that adjudication of tenders are strictly processed in accordance to public procurement procedures, rules and regulations.
- 3) The most important purchasing decisions are concerned with selecting right sources' of supply which implies that where right sources are identified in any particular instance, then the buying organization should meet its needs perfectly and under all circumstances it will gain added benefits of right time and place deliveries. Quality goods, raw materials and works.

### 5.1.2 Limitations

From the findings on tendering processes in ministry of works it is satisfactory but there are limitations here and there which include

- 1) There are few skilled personnel in the procurement but have a lot of experience which make them more competitive compared to the skilled fresh labor in the market that lacks experience.
- 2) The professionals who sit in the tender board are not qualified for most of them are drawn from different department heads, which are not conversant with purchasing and procurement environment, though they have vast experience.
- 3) Delays during tender approval, evaluation, adjudication and awarding. This is due to few professional in handling the tenders and lack of computerized system to store tender information, therefore poor record management.
- 4) Supplier visits are not conducted by the buyers and where it's done if's only one or two staff who visit the suppliers site, this does not enhance good relation with the suppliers.
- 5) The validity of the tender is also too short for suppliers in distance places to bid for the provision of works, good or service, this put most suppliers outside Garissa to a disadvantaged position bearing in mind that Ministry of works is a centrally purchasing organization.

### **5.1.3 Limitation of the study**

The problems arising during the research are:

- a) Time-Due to limited time schedule to carry out the research project the researcher would not concentrate on a wide area, otherwise research was carried out within Garrisa and its vicinity.
- b) Finances - the financial constraints lead the researcher to concentrate only on public organizations within Garrissa locality due to transport costs during data collection.
- c) Respondents-Not everyone who was to be consulted was willing to give the relevant information as required especially when using questionnaires. However a good percentage fulfilled the research objective responded.

### **5.2 Conclusions**

Since supply chain activities have been described as the main artery of every business, there is an importance to ensure that all activities in the chain add value to an organization, these activities include tendering when done electronically it will help an organization accrue some benefits. Introduction of a business on tendering process will have the following benefits:

- 1) Provision of 24hour, 7 days access to information pertaining to tendering, vendors.
- 2) Aggregation of information recorded from all the bidders to price, quality, delivery time, quantity.
- 3) Offer accurate audit trails of transactions enabling an organization to identify suppliers offering greatest potential for efficient improvement and cost reduction.
- 4) Personalization and customization of information

- A) Ability to use staff more effectively
- B) Increased speed of delivery by the vendors
- C) Increased customer retention
- D) Significant increase in sales

Since ministry of works there's a well computerized system that links the head quarters with the other departments, these benefits are prevailing.

### **5.3 Recommendations**

Based on the conclusion, the following recommendations are made;

- 1) Tender board should consist of experts and professionals in procurement. They should be having adequate experience in the same discipline.
- 2) Ministry of works should conduct supplier visits and regulations in order to improved prices.
- 3) To ensure efficiency, recent E business systems like E-procurement, electronic trading communities, virtual enterprise should be installed in the procurement department which enhances proper storage of tendering information and all other relevant information.
- 4) The organization should establish a watchdog department to constantly monitor quality, quantity and value of good delivered in respect to what was tendered.
- 5) The organization should also ensure that more staffs are deployed and trained to reduce the volume of work overloading amongst the few staff and ensure the existing staff acquire more skills respectively

#### **5.4 Suggestions for further research**

The researcher proposes the impact of E-business during the tendering process. He also proposes the contribution of purchasing and supplies profession in tendering system.



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## APPENDIX 1

### STAFF QUESTIONNAIRES

Tendering process system in public organizations

#### **Questions for data collections (staff questionnaires)**

This questionnaire is purely for examinations purpose and therefore all information therein shall be held confidential. It should not therefore taken as interrogation.

#### **PART 1: BUSINESS DATA**

1. Which tendering methods are used in public organization.....
2. What are the benefits of tendering that your organization gets
  - (i).....
  - (ii).....
  - (iii).....
3. What do you consider as limitation in the use of tendering system?
  - (i).....
  - (ii).....
  - (iii).....
4. In your own view which are the best ways of improving tendering process within your organization.....
5. What problems do you encounter when dealing with suppliers?
  - (i).....
  - (ii).....
  - (iii).....
6. What do think is the cause of the above problems if any?
  - (i).....
  - (ii).....
  - (iii).....

7. What do think your organization can do to help to solve these problems?.....

.....

.....

.....

8. (a) Do you receive complaints from your suppliers?

YES ( )      NO ( )

(b) If yes, what are some of complaints?

(i) Delays in payments of invoices

(ii) Traditional procedures

(iii) Long processes

(iv) Others (please specify)

9. How many tenders do you handle in a year?

(i) Below 1500      [   ]

(ii) Bellow 3000      [   ]

(iii) Above 3000      [   ]

10. Who is responsible for adjudicating and awarding of the tenders?.....

.....

11. Which criteria do use in selecting the right suppliers?.....

.....

12. (a) How is tendering compared to other methods of procurement like blanket orders, direct purchase.

(1) Excellent      [   ]

(11) Good      [   ]

(111) Fair      [   ]

(1v) poor      [   ]

(b) Give reasons for the above

(i)

(ii)

(iii)

13. (a) Are there cases where tenderers do not respond to the bids

YES ( )

NO ( )

(b) How do deal with such tenders in future?.....

14. How do you deal with tenders received after the closing date of the tenders.....

15. During evaluation of the suppliers, which necessary information details are taken into consideration before an award is made.....

THANK YOU FOR TAKENING YOUR TIME TO COMPLETE THIS QUESTIONNAIRES

## APPENDIX 11

### QUESTIONNAIRE FOR SUPPLIERS

#### KAMPALA INTERNATIONAL UNIVERSITY OF BUSINESS MANAGEMENT

##### Tendering in public organizations

A case study of ministry of works Garrisa.

#### Questions for data collections (supplier's questionnaires)

This questionnaire is purely for examinations purpose and therefore all information therein shall be held confidential. It should therefore not taken as interrogation.

#### PART 1: BUSINESS DATA

1. Have you ever supplied to public organizations?  
.....
2. Which organization in particular.....
3. What do you supply.....
4. Is the tendering process applicable in these organizations?  
YES ( ) NO ( )
5. For how long have been supplying to public organizations?.....
6. How much do you use to purchase tender documents?.....
7. How many tenders do you supply in a year?.....  
..
8. How many tenders do you win in a year (approximately)  
.....

9. How do you view tendering process in ministry of works.

(I) Excellent [ ]

(II) Good [ ]

(III) Fair [ ]

(iv) Poor [ ]

10. (a) Do you support tendering process in ministry of works.

YES [ ] NO [ ]

(b) Give reasons for the above if any.....

11. In your own view do think there are changes that need to be amended in the tendering process?.....

12. (a) Do you experience any problem during g process?

YES [ ] NO [ ]

(b) If yes what are the problems

(i).....

(ii).....

(iii).....

13. (a) Do you think corruption, nepotism, and deviation from ethics is common in tendering process?

YES [ ] NO [ ]

(b) if yes justify yourself.....

14. How is tendering process compared to other procurement methods like the direct purchase, blanket orders?

**THANK YOU FOR TAKING YOUR TIME TO COMPLETE THIS  
QUESTIONNAIRE**

**APPENDIX 11I**  
**RESEARCH BUDGETS**

Budget Item	Cost[ugs]
Typing and printing	30,000
Photocopying and binding	10,000
Contingencies	25,000
Stationery	8,000
Internet fees	8,000
Transport	25,000
TOTAL	106,000

## WORK PLAN

### Activity and Time frame

Activity	Time frame
Project development	June
Submission of proposal	September
Pre-testing the questionnaire	October
Primary data collection	October
Data collection and analysis	November
Submission of the project	November