

Effects of Employee Skills on Public Procurement Performance at National Youth Service, Kenya

Gilbert Njogu Wanjiru¹, Dr. Peris Chege²

^{1,2}*Department of Management Science, School Of Business, Kenyatta University, Kenya*

Abstract: Public procurement plays a leading role in the attainment of political, economic and social goals of a country through provision of goods, works and services. However, material quality defects, compromised order cycle time, lead time and poor contract management among others, are rampant. The objective of this study was to investigate the effect of employee skills on public procurement performance at National Youth Service, Kenya. To achieve its objective, the current study adopted a descriptive research design using quantitative approach and a census method. A closed-ended questionnaire was used to collect primary data using drop and pick tactic. The data was analyzed using descriptive and inferential statistics of Statistical Package for Social Sciences (SPSS version 21). The findings were presented in frequencies; percentages, mean and standard deviation were thematically presented in tables and figures. The study established that employee skills had a positive significant effect on public procurement performance. The study concluded that staff possess relevant procurement functionality skills, there is cross-function teamwork among staff, high level of integrity is embraced by employees, confidentiality of classified matters, this was to avoid conflict of interest, personnel had required procurement knowledge and employees had adequate experience in procurement processes respectively. The study recommended that in-house training and coaching be promoted to cultivate stated organization culture such as behaviour, ideas, attitudes, values, habits, beliefs, customs and language among employees.

Keywords: Employee Skills, Public Procurement Performance

I. INTRODUCTION

The importance of public procurement performance cannot be overstated as it is one of the main tools for attaining political, economic and social goals of a country. It is the foremost provider of goods, works and services for the public sector, subverted institutions and any other institutions using public funds (Matto, 2017). Procurement is concerned with the management of a significant proportion of the non-pay expenditure and ensuring that the best possible value for money is obtained when committing this expenditure. It represents a sizeable proportion of a nation's expenditure accounting for around 15% of the world's GDP (World Bank, 2017). Research indicates institutional factors have stronger impact on performance of different public procurement aspects than other factors (Vaidy, 2015). For instance, in Australian public healthcare sector, organization culture was found to affect procurement performance in terms of prolonged delay in giving tender results to prospective suppliers (Liebowitz, 2015).

Equally, lack of backing from the senior managers and lack of understanding of the procurement regulations led tender re-advertisement and failure to meet deadline for polling materials in Italy and Slovakia respectively (Šipoš, Samuek & Martin, 2015). Further, Henning, Badiane and Krampe, (2018) established that contract management that is characterized by payments delays to suppliers, undermines procurement performance by failure in meeting timelines and schedules in Malaysia. According to Neuhaus, Schmitz and Umbeck (2015) state officials in Alabama in the USA associated weak regulatory regimes with procurement performance in relations to delivery of sub-standard telecommunication assortment. Likewise, staff competency enhanced compliance towards policy and standards in the UK and Canada respectively (Smith & Benjamin, 2016). Further, use of elaborate internal controls in the procurement has been proven to improve the systems in Korea, Japan, Canada and China in terms reduced cycle systems and efficiency (Thomas, 2015).

Competence/professionalism is the application of knowledge and skills, performance delivery, and the behavior required to get things done very well or appropriately (Rehman, Asghar and Ahmad, 2015). With procurement's perceived movement from a clerical service to a strategic business function, the caliber of staff in terms of training, education and skills must increase to fulfill its strategic potential. Without well-motivated, able and well-trained staff, elaborate job description and the standards to be achieved, even the more brilliantly conceived plans and strategies can fail. Professionalism and competency are quantified in terms of relevant skills, cross-function teamwork, integrity, confidentiality, conflict of interest, procurement knowledge and experience.

Procurement performance is the ability for an organization to fulfill its mission through sound management, strong governance and a persistent dedication to achieving specific goals both in the short term and in the long run in order to be viable and sustainable with less cost (Vaidy, 2015). Generally, procurement performance is considered to be the result of two elements: purchasing effectiveness (non-financial) and purchasing efficiency (financial).

According to the World Bank (2016) procurement performance indicators includes; implementing regulation that provide defined processes and procedures not included in higher-level legislation, model tender documents for goods, works and services. Also, performance was compliant to

procedures for pre-qualification, procedures suitable for contracting for services or other requirements in which technical capacity is a key criterion. Further, performance is compliant to user's guide or manual for contracting entities and General Conditions of Contracts (GCC) for public sector contracts covering goods, works and services consistent with national requirements and, when applicable international requirements.

Statement of the Problem

The NYS has been in the limelight between 2015 and 2018 for the wrong reasons. In the year 2015, the institution lost over Kshs 791million through fraudulent procurement deals.(EACC 2015).In the year 2018,NYS is reported yet again to have lost close to Kshs 10.5 Billion in fraudulent procurement deals.(EACC,2018).Essentially, this being a public institution meant that the money lost was tax payers money. This in Kenyan measure is mega deals of syphoning and draining the Kenyan economy.

Public procurement is instrumental in the attainment of political, economic and social goals of a country. Indeed, the implementation of public plans depends on provision of goods, works and services. The World Bank (2017), in its project appraisal report of 2017 revealed some public institutions experienced poor funds absorption rate of not less than thirty percent (30%), with procurement function the most affected in Kenya. Additionally, the Ministry of Devolution's performance contracting annual performance report 2016/17 rates NYS at lowly 30% and 27% customer and employee satisfaction respectively. Notably, the report identifies performance indicators of material quality defects, compromised order cycle time (lead time) and poor contract management as the worst rated. Likewise, poor procurement performance issues led to high Chief Executive Officer (CEO) turn over (Auditor General, 2017). As such between 2015 to 2018, the institution has had three Directors. Implicitly, high staff turnover is suggestive of poor performance.

Indeed, loss, wastage and misappropriation of public resources, have characterized the institution. Also, delivery of services has been constrained or becomes ineffective particularly with abrupt stoppage of slum upgrading program. Worse, the Public Procurement Oversight Authority's 2016-2017 audit, reports that NYS had poor compliance with PPOA regulations, technical and financial risks, supplies quality, inventory incoming on-time (lead time), contractual obligations among others. Further, the annual audit reported by the Auditor-General (2018), indicates value for money or investment into NYS was not achieved.

Despite the drastic declining public procurement performance, there is limited empirical evidence on this area on NYS to inform any desired policy interventions (PPOA, 2017; Auditor General Report, 2017). Although conceptually, there is adequate literature in this area, contextually, there is huge gap both locally and internationally as very little on National Youth Service, Kenya. This study, therefore, aimed at filling

these gaps in this area by examining the influence of institutional factors on public procurement performance with focus on National Youth Service.

II. LITERATURE REVIEW

Shaharudin, Zailani and Ismail, (2014) conducted an online survey on 20 purposively sampled procurement directors from 20 state enterprises in Indonesia on an association between employee competency and procurement performance. Using inferential statistics to test association, the study established that successful functioning of organizational structures and effective operation of planning control systems are dependent on the quality and ability of staff employed. This study recommended strategic plans should include information on the acquisition, development, use and reward of human assets.

Senait, Asefa and Hussen, (2016) surveyed the impact of staff development on e-procurement performance in Paris, France using secondary data set extracted from 5 housing developing firms and applying ordinary least squares (OLS) the relationship was experimentally tested. The findings from the study revealed that there is a direct association between staff training and e-procurement performance. The study recommended that for goals of value-based management, all employees need broad and continuous education and training. Also, it recommends education; training and professional development should be skill, process oriented and continuous.

Khalili and Adhami, (2014), investigated the relationship between outsourcing and the performance based on Balanced Score Card at Islamic Republic of Iran's Post office in 2013. This study was a descriptive-survey and it utilized a questionnaire for collecting data from 18 managers and assistants and software to analyze the data. T-student and correlation method of SPSS was used for data analysis. The results showed that there are a strong and positive relationship between outsourcing post office activities and performance management in three aspects of financial, customers and internal processes; however, there was a positive and weak relationship between the aspect of learning and outsourcing.

The researchers stressed that with the ever-increasing popularity of purchasing partnership philosophy, organisations must take a closer look at the educational levels of procurement staff. With procurement's perceived movement from a clerical service to a strategic business function, the caliber of staff in terms of training, education and skills must increase to fulfill its strategic potential. The authors asserted that employees need to learn new skills for improving work performance.

Rehman, Asghar and Ahmad (2015) carried out a study on the influence of employee qualifications on achievement of a public firm's goals in Nepal. Structured questionnaires were emailed to 55 senior government officers from both regional

and central government in charge of procurement and 200 lower cadre employees. Regression analysis revealed academic qualifications do not enhance procurement performance in isolation without a combination of other factors. The study suggested developing multi-skilling which provide employees with a variety of skills and should be developed extensively to corroborate academic credentials. Training is beneficial and generates more than the mere academic qualifications.

However, David-Barrett, Heywood and Theodorakis (2015) in their descriptive study utilized telephone interview on 10 procurement directors of 10 government agencies on the relationship between professional ethics and good procurement performance in the UK. Using correlation technique, the study found contradiction premises that performance to the firm's goals and expectations of upper management require good qualifications. On the contrary, it was established that high professional ethical standards produced better performance than mere academic credentials.

The use of teams, cross-functional managers, broad process and linkage- oriented job responsibilities, and extensive information systems enable individuals to balance conflicting objectives and improve processes. Without well-motivated, able and well-trained staff, even the more brilliantly conceived plans and strategies can fail. A motivated team whose members work for and with each other can beat a team of less motivated people even if they are greater in talent. To improve procurement performance, the study suggested higher ethical standards be cultivated alongside qualifications among top level managers.

Charron, Dahlström, Fazekas and Lapuente, (2015) evaluated the effect of training on employee innovation and problem solving in West Bengal, India. Using 5-point Likert scale questionnaire on 200 employees from both regional and central government, the study established that training allows an employee to become an innovator, initiative taker, and creative problem solver in addition to being a good performer on the job.

The study listed benefits of training as improved productivity, quality, safety and health, communication and better teamwork. The value-based procurement management paradigm requires a rethinking of the management of human resources. The study recommended that education must cross necessary boundaries and motivate procurement team performance and simply possessing knowledge is less important than applying it. Attention should be moved to skills of doing jobs and demonstrating competences.

The above study is in agreement with Senait, Asefa & Hussen, (2016) assertion that it is both recognition and an expectation that professionals, through their expertise and commitment have a beneficial impact on society and corporate life. It is about promoting best-in-class procurement in organisations, whether responsible

management of environment or helping out to stamp out corruption. In fact, many procurement professionals across government lack capability and market knowledge; and process-driven.

Obaid-Ur-Rehmana (2016) carried out an exploratory study on the influence of proper knowledge for good procurement process management on procurement performance in Mexico. The study utilized factor analysis in merging variables into one and operationalizing performance in terms of effectiveness. Administering a 4-point Likert scale questionnaire on 50 senior regional and national government officials, findings showed an affirmative and a substantial connection between the proper knowledge for good procurement process management and procurement performance. He recommended authorities to give greater emphasis for developing competence to adopt best practice more widely.

This study is consistent with the assertion of Mariz, Menard, and Abeille, (2016) that procurement professionals need to acknowledge and devise strategies for managing all these complex challenges. The professionals must be seen as champions of efficiency and effectiveness and must acknowledge the challenges and their various forms, and their source. The requirements to educate professionals and equip them with new and higher – level skills have consequently become urgent. A skill is the ability either to perform some specific behavioral task or the ability to perform some specific cognitive process that is related to some particular task.

A study by Ndumbi and Okello, (2015) used survey research design through interviews and questionnaire instruments on 80 procurement officers selected through census at Judicial Service Commission to determine determinants of public procurement legal framework on the performance of public institutions in Kenya. Factors analysis showed that the main determinants of public procurement legal framework on the performance of public institutions in Kenya include; Public Procurement and asset disposal Act 2015 and Policy Formulation. The study recommended equipping employees with professionalism tenets that include integrity, confidentiality, being ethical, the matters relating to conflict of interest, competencies in the area of procurement, and level of procurement knowledge.

III. RESEARCH METHODOLOGY

The study adopted a descriptive research design using quantitative approach and a census method. A closed-ended questionnaire was used to collect primary data using drop and pick tactic. The data was analyzed using descriptive and inferential statistics of Statistical Package for Social Sciences (SPSS version 21). The findings were presented in frequencies; percentages, mean and standard deviation were thematically presented in tables and figures.

IV. FINDINGS

The findings of the effect of employee skills on public procurement performance at National Youth Service, Kenya, and Kenya are indicated in Table 1.

Table 1: Employee Skills on Public Procurement Performance (n=56)

		1	2	3	4	5
Staff possess relevant procurement functionality skills	F	2	5	7	36	6
	%	3.6	8.9	12.5	64.3	10.7
There is cross-function teamwork among staff	F	1	3	2	43	7
	%	1.8	5.4	3.6	76.8	12.5
High level of integrity is embraced by employees	F	1	6	4	36	9
	%	1.8	10.7	7.1	64.3	16.1
Employee observe confidentiality of classified matters	F	1	4		42	9
	%	1.8	7.1		75	16.1
There is will to avoid conflict of interest	F	2	1		50	3
	%	3.6	1.8		89.3	5.4
Personnel have required procurement knowledge	F	4	2	1	46	3
	%	7.1	3.6	1.8	82.1	5.4
Employees have adequate experience in procurement processes	F	4	7	2	32	11
	%	7.1	12.5	3.6	57.1	19.6
Employees uphold professional ethics	F	2	5	12	30	7
	%	3.6	8.9	21.4	53.6	12.5

*1=Strongly Agree; 2=Agree; 3= Uncertain 4= Disagree; 5= Strongly Disagree; F=Frequency; %=Percentage

Source: Author, 2019

Evidently, 64.3% disagreed that staff possess relevant procurement functionality skills, 76.8% also disagreed there is cross-function teamwork among staff and 75% disagreed high level of integrity is embraced by employees. Further, 89.3%, 82.1%, 57.1% and 53.6% were in disagreement that employee observed confidentiality of classified matters, there was will to avoid conflict of interest, personnel had required procurement knowledge and employees had adequate experience in procurement processes respectively. On aggregate, all aspects of this research construct, received disagreement response from most procurement staff at NYS. Tellingly, employee skills as a key component of institutional functionality, is very weak or never developed. Undeniably, weak employee skills imply poor procurement functionality and eventual performance.

This premise fits well with that of Senait, Asefa and Hussen, (2016) which observed that employee development influenced adherence to procurement standard regulations. Equally, this finding is aligned with the findings of research of Rehman, Asghar and Ahmad (2015) that confirmed that employee qualifications impact on the achievement of firm's set goals.

The above study is in agreement with Senait, Asefa & Hussen, (2016) assertion that it is both acknowledgment and a desire that experts, through their mastery and duty beneficially affect community as well as a firm. This study solidifies the assertion of Mariz, Menard, and Abeille, (2016) that staff credentials significantly determine the success of procurement functionality.

However, David-Barrett, Heywood and Theodorakis (2015) found contradiction premises that performance to the firm's goals and expectations of upper management require good qualifications. On the contrary, it was established that high professional ethical standards produced better performance than mere academic credentials

V. CONCLUSIONS AND RECOMMENDATIONS

The study concluded that employee skills variable significantly influences public procurement performance at NYS. Also, it can be concluded that there was no cross-function teamwork among staff, no high level of integrity is embraced by employees and employee never observed confidentiality of classified matters at NYS in Kenya. Further, it was concluded that it was strongly established that staff did not possess relevant procurement functionality skills. Equally, it was established that there was no will to avoid conflict of interest, personnel did not have required procurement knowledge, had inadequate experience in procurement processes and employees did not uphold professional ethics.

The study recommends specifically, efforts within the organizations should be made to enable employees internalize established organizational culture to have common behaviour, ideas and attitudes that promote better procurement practices. Additionally, top management should cultivate official (stated) organization culture among staff to ensure uniformity in values, habit in tandem with the organizational established, beliefs and customs among employees. Equally, this is instrumental in instilling desired and set organization language among employees. Employees pursuing organizational behaviour for individual gain are always in contradiction with desired and stated good culture

REFERENCES

- [1]. David-Barrett, E., Heywood, P. M., & Theodorakis, N. (2015). *Towards a European strategy to reduce corruption by enhancing the use of open data*. UK. London for knowledge mapping in organizations. *Journal of Knowledge Management*, 9(1), 76-86
- [2]. Liebowitz, J. (2015). Linking social network analysis with the analytic hierarchy process
- [3]. Mariz, C. L., Menard, C., & Abeille, B. (2014). Public Procurement Reforms in Africa: Challenges in Institutions and Governance, 2
- [4]. Matto, M (2017) Mapping Public Procurement Reforms: Compliance, Challenges and Prospects, *European Journal of Business and Management*, 9(12), 175-182
- [5]. Obaid-Ur-Rehman, (2016). The role of transportation in international marketing logistic. *International Journal of Social Science and Humanities Research*, 4(1), 368-405
- [6]. Rehman, W. U., Asghar, N., & Ahmad, K. (2015). Impact of KM practices on firms' performance: A mediating role of business

process capability and organizational learning. Pakistan.
Economic and Social Review, 53(1), 47

- [7]. Senait, B. H., Asefa, G. & Hussen, S. A. (2016). Factors Affecting Procurement Performance in the Case of Awassa Textile Share Company. *Global Journal of Management and Business Research*, 16(3),1
- [8]. Šípoš, G., Samuek, S., & Martin, K. (2015). *Not in force until published online. What the radical transparency regime of public contracts achieved in Slovakia*. Bratislava: Transparency International Slovakia
- [9]. Vaidy, L. (2015). *The top five Procurement Process Best Practices to Maximize Efficiency*. arizona: Five-star publications, Inc
- [10]. World Bank (2017) *The Little Data Book on Financial Inclusion 2016*. Washington, DC: World Bank Group
- [11]. World Bank. (2016). *Benchmarking Public Procurement*. Washington: The World Bank