

# PROCUREMENT PRACTICES AFFECTING IMPLEMENTATION OF PROJECTS BY INTERNATIONAL NON-GOVERNMENTAL ORGANIZATIONS IN KENYA

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**Abstract:** Donor organizations and development agencies view projects as important vehicles to achieving their stipulated objectives and targets. According to Antill (1974), a project is only successful if it comes on schedule, on budget, it achieves the deliverables originally set for it and it is accepted and used by the clients for whom the project was intended. The purpose of this study was to assess the extent to which procurement practices employed by International Nongovernmental Organizations (INGO'S) operating in Kenya affect project implementation. The study was based on the principal agent relationship framework. The target population comprised 302 INGOs registered by the NGO Coordination Board to operate in Kenya as at 30th August 2014. Respondents mainly comprised project managers in the INGOs, while the sample size was 172 organizations, arrived at using the Yamane (1967) formula for calculating the sample size. Data was analysed using descriptive statistics with the aid of the Statistical Package for Social Sciences (SPSS) version 2, and Microsoft Excel 2010 computer software. The study revealed that majority of the respondents perceive procurement planning, vendor selection, contract monitoring and control, as well as procurement negotiations as important factors for successful implementation of projects. This notwithstanding, there exists two sets of challenges on the way towards successful execution of the above four key procurement functions. First, some organizations lack documented policies on how to carry out procurement planning, vendor selection, contract monitoring and control, as well as procurement negotiations. Second, some vendors, despite having been prequalified based on merit, eventually demonstrate lack of capacity to adhere to the agreed upon delivery timelines and performance standards. The study recommends concerted efforts and resources to be employed to ensure that the procurement practices adopted by an INGO result in a positive contribution to the projects being implemented.

**Keywords:** Project management, procurement planning, vendor selection, contract monitoring and control, procurement negotiations.

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## I. INTRODUCTION

Donor organizations and development agencies view projects as important vehicles to achieving their stipulated objectives and targets. According to Antill (1974), a project is only successful if it comes on schedule, on budget, it achieves the deliverables originally set for it and it is accepted and used by the clients for whom the project was intended. Boyce and Haddad (2001), explain that projects possess certain characteristics that distinguish them from any other activity in the organization. These include the fact that projects are temporary - meaning that any project will have a start date and end.

Projects implemented by NGO's involve the use of donor funds to achieve specific objectives for the benefit of the public. In Kenya, NGOs are licensed and regulated by the NGO Coordination Board. These organisations supplement government efforts to improve the living standards through implementation of diverse donor funded projects. However,

majority of such donor funded projects often run into hurdles in the course of implementation. Most of these hurdles relate to procurement policies and the need to adhere to donor guidelines which do not necessarily result in effective utilization of funds and efficiency in service delivery. (Kirugu, 2011).

Whereas public entities are required to adopt and adhere to the procurement policies and regulations as stipulated in the Public procurement Act 2009 and the subsequent regulations, NGOs do not ascribe to the public procurement regulations. Instead, NGOs are free to adopt procurement policies as set by different donors. This means there cannot be uniformity in procurement practices of such NGOs and as a result, execution of common procurement procedures often yields varying degrees of success in project implementation.

Against this background, this study was carried out to investigate the impact of four core procurement practices: procurement planning, vendor selection, contract monitoring and control, as well as procurement negotiations on different stages of project implementation by INGOs operating in Kenya. It is hoped that the study's findings will inform programme managers in INGOs on how to structure procurement policies and procedures for better results.

### **Procurement Practices in Kenya:**

In Kenya, the Public Procurement Oversight Authority (PPOA) is the body charged with ensuring that procurement procedures established under the Public Procurement and Disposal Act 2005 are complied with. The body also monitors the procurement system and reports on its overall functionality. Other functions of the body include initiating public procurement policy, as well as assisting in the implementation and operation of the public procurement system by: preparing and distributing manuals and standard tender documents, providing advice and assistance to procuring entities, as well as developing, promoting and supporting training and professional development of staff involved in procurement. (PPOA, 2009)

According to FSD (2008), the Public Procurement and Disposal Act (PPDA), effective as of 1st January 2007, applies to all procurement of goods, works and services, as well as the disposal of assets by public entities. Public entities are those entities that procure goods, services or works utilizing public funds. The definition of public funds includes donor funds in so far as donor stipulations do not supersede the Act. If they do, the donor terms and conditions take precedence. As such, most of the procurement activities in INGOs are governed by the sets of rules and procedures that are set by the individual donors financing an aspect or the entire project at hand. For instance, if an INGO seeks funding from the US Government (via USAID) to undertake a project in Kenya, the INGO will have to abide by USAID's procurement and expenditure procedures.

### **Statement of the Problem:**

According to Kagendo (2010), major international development partners such as the World Bank, EU, IFC, GIZ, DANIDA, SIDA and others exert enormous influence on national and international approaches to project development and implementation. Studies show that there have been important procurement-related challenges that lead to poor project implementation, and this is a global phenomenon. Chandra (2008) asserts that time and cost over-runs of projects are very common in India, particularly in the public sector, which often culminate in projects becoming uneconomical, and resources not being available to support other projects. This affects economic development. This view is supported by Oladipo (2008) in a study on local government projects in Nigeria, in which he identifies four key constraints to effective public projects planning and implementation, namely; inadequate quality manpower, paucity of data, inadequate finance and poor project monitoring. The consequences of gaps in implementation are obvious and unlimited ranging from wastage of the limited public resources, inadequate service delivery to the public to impeding economic development of the country with the ultimate result of perpetual high poverty levels among the world's majority populace (Chandra, 2008).

Kirungu (2011) in a study on factors influencing implementation of Donor Funded Projects in Kenya, cites a World Bank Report (2009) which indicated that the current average project funds absorption rate was less than 10% per annum, which was attributed to a constrained procurement process.

Whereas it's clear that execution of the procurement function has an impact on the outcome of donor funded projects in Kenya, the question still remains as to which specific procurement practices indeed have the greatest effect. This study thus sought to address the question: "How does procurement practices affect project implementation among INGO's

operating in Kenya?” To address this question, the study specifically focused on the impact of procurement planning, vendor selection, contract monitoring and control, as well as communication.

**Study Objectives:**

**General Objective:**

The aim of this study was to investigate procurement practices affecting implementation of projects by INGOs operating in Kenya.

**Specific Objectives:**

Specific objectives for this study were as follows:

1. To establish how procurement planning affects the success of projects implemented by INGO’s in Kenya.
2. Establish how the vendor selection process affects the success of projects implemented by INGO’s in Kenya.
3. Determine how contract monitoring and control affects the successful implementation of projects by INGO’s in Kenya.
4. Determine how procurement negotiations affect the successful implementation of projects by INGO’s in Kenya.

**Research Questions:**

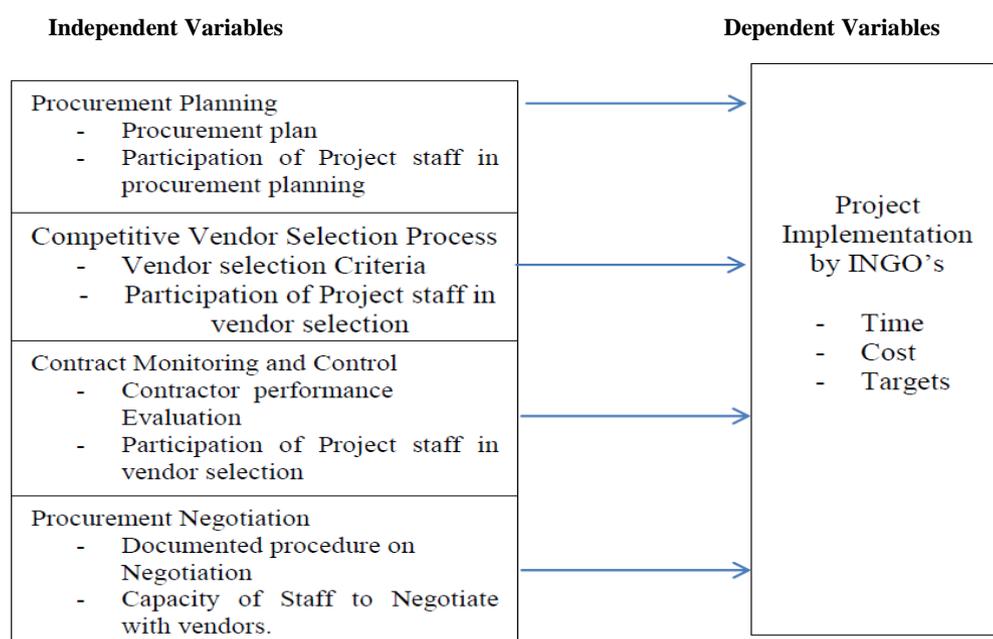
The research questions for the study were:

1. How does procurement planning affect successful implementation of projects by INGO’s in Kenya?
2. How does the vendor selection process affect the successful implementation of projects by INGO’s in Kenya.
3. What is the role of contract performance monitoring and control in the successful implementation of projects by INGO’S in Kenya?
4. How do procurement negotiations contribute to the successful implementation of projects by INGO’S in Kenya?

**II. LITERATURE REVIEW**

**Conceptual Framework:**

For purposes of this study, the dependent variable is the effective implementation of public projects whereas the independent variables are project planning, competitive vendor selection, project monitoring and control as well as communication. The conceptual framework for this study is presented in the figure 2.1 below.



**Figure 2.1 Conceptual Framework**

**Procurement Planning:**

Sound formal planning provides the basis for organizing the work on the project and allocating responsibilities to individuals. Brown and Hyer (2010) explain that planning involves identifying the purpose, defining the scope, determining customer requirements (user needs), as well as identifying tasks (key procurement activities), estimating time (delivery schedules for goods and services) and cost, assigning responsibilities and other activities. Planning answers the question: What does the organization hope to accomplish by successfully completing this project? What organizational result is expected? In underscoring the critical role planning plays in successful project implementation, Frese et al (2003) contends that planning requires excellent preparations, which includes detailed scheduling of the process implementation stages and milestones, task timeliness, fallback positions and re-planning. This means that initial planning is not enough. According to Saunders (1997), planning also encompasses the aspect of forecasting to help in the process of predicting costs and cash flows (financial disbursements). Ultimately, the purpose of procurement planning is to safeguard against delayed implementation of public projects and to avoid situations of budgetary constraints which would hinder successful project execution and completion.

**Contract Monitoring and Control:**

According to Brown and Hyer (2010), monitoring refers to any tracking system from a simple checklist to sophisticated dashboard style approaches, for identifying variances from the original plan. They advance the argument that as part of the planning process, a project team should agree on the appropriate approach for monitoring key performance indicators (KPIs) during the life of the project. The two scholars also define project control as the set of processes, decisions, and actions involved in responding to project variances. Project control thus portends a project change management process for deciding when changes are appropriate and when to stay the course. Chandra (2008) avers that control is critical to implementation success in so far as it compels regular comparison of performance against targets, a search for the causes of deviation, a commitment to check adverse variances.

Brown and Hyer (2010) have anchored their argument for monitoring and control on the fact that there are several phenomena which influence project execution and cause actual performance to depart from planned performance. These phenomena include: (i) Scope Creep; which describes the tendency for a project to grow beyond its initial size. It is caused by the team members' enthusiasm; unanticipated issues discovered mid-project and redefinition or clarification of customer needs; (ii) Murphy's Law; which espouses the principle that anything that can go wrong will go wrong. This means that not all risks can be accurately anticipated; (iii) Pareto's law; which postulates that 80% of project's problems and delays are caused by 20% of project activities. An effective project monitoring system should focus on activities that carry the highest risks for delay, cost over-runs, or performance challenges; and lastly, (iv) Escalation of Commitment principle which states that human beings tend to continue pursuing failing courses of action, even when all signals point to the fallacy of the strategy. Thus a procurement project contract monitoring system can have a significant influence on people's decisions to escalate or de-escalate commitment. Most donors require that funding recipients evaluate contractor performance and document, as appropriate, whether contractors have met the terms, conditions and specifications of the contract.

**Vendor Selection Process:**

In Kenya, NGOs have the freedom to either use or not use competitive bidding in the procurement and delivery of goods and services, depending on the specifications given by donors. (Sessional Paper No 1 of 2006 on Non-Governmental Organisations Page 13). In the absence of explicit guidelines by the NGO Board as to how competitiveness in the vendor selection process is to be realized, NGOs adopt donor procurement policies and deploy them through customized procurement practices. According to Gadde and Hakansson (2001) purchasing from vendors accounts for more than half the total cost of operations in most organisations. Vendor selection is thus an important factor for the success of any project from both the financial and risk mitigation perspectives. According to Michael Porter (1985), vendor evaluation and selection is a fundamental component of risk management and continuous improvement of supply processes.

**Procurement Negotiation:**

While formal definitions of negotiation vary, theorists do accept certain basic tenets. Foremost among them are the assumptions that parties who negotiate agree in at least one fundamental respect; they share a belief that their respective purposes will be better served by entering into negotiation with the other party. This is the mutual perception that leads to the onset of negotiations and betrays the dependence that exists (to whatever degree) between negotiating parties. This

common interest in a shared agreement is the starting point for the “common interest and mutual dependence that can exist between participants in a conflict with which, Schelling writes, “negotiation is concerned” (Schelling, 1960). “major public policies are the outcome of a complex round of negotiation between interests, choices between values and competition between resources... there are no single ‘best’ options for any player in this game, for the ‘best’ outcome depends on what others do and what deals are possible.”(Davis et.al., 1993)

Fisher and Ertel (1995) argue that during the negotiating process, parties should think carefully about the kind of commitments they should be prepared to make. Are they capable of honoring them? How broad should commitments be? When will each party be expected to make good on their promises? One way to build trust is to create a commitment structure that can be implemented in stages. Parties may be more willing to make a deal with an opponent when there is an opportunity to demonstrate that each side is honoring their commitments along the way. The key to negotiating a beneficial outcome is the negotiators’ ability to consider all the elements of the situation carefully and to identify and think through the options.

#### **Project Implementation:**

Lysons and Farrington (2006) espouse the view that successful project implementation is about converting a strategic plan into action and doing what needs to be done to achieve the targeted strategic goals and objectives. According to Brown and Hyer (2010), effective project implementation or success can be measured on the basis of time, cost and quality (performance), commonly known as the triple constraint. These three factors represent the Key Performance Indicators (KPIs). To establish whether a project has been effectively implemented, or better still, if the project has been successful, one has to go back to the initial project goals of time, cost and quality (performance) and be able to measure the extent of their individual achievement. This model is premised on the principle of interdependency, whereby each constraint affects the others. For example, if a project requires more time, the cost is likely to rise. Likewise, a higher performance may lead to increased project cost.

#### **Empirical Review:**

Barasa (2014) in a study on Procurement Practices Affecting Effective Public Projects at the Kenya Civil Aviation Authority reported that 90.6% of respondents believed that procurement planning, contract monitoring & control, as well as choice of procurement procedure were important factors in project implementation. He further argues that major implementation obstacles for donor funded projects in Kenya include procurement policies and donor guidelines due to bureaucracy which results in low disbursement of donor funds. The fact that both donor and Government procurement policies and guidelines are applied concurrently only serves to compound an already worse situation.

The World Bank Report (2009) and Kirungu (2011) concur that the average project funds absorption rate in Kenya is less than 10% per annum, and attribute the problem to a constrained procurement process. Whereas it is clear that execution of the procurement function has an impact on the outcome of donor funded projects, the two scholars do not provide concrete details on the actual fund absorption rate for INGOs operating in Kenya, nor do they give the extent to which constrained procurement practices affect the success of projects implemented by the INGOs. This begs the question as to which specific practices impact project success the most, given that majority of the INGOs strive to operate within internationally accepted best practice.

### **III. RESEARCH METHODOLOGY**

#### **Research Design:**

This research employed the questionnaire method of data collection where both structured and unstructured questions were used. Structured questions (closed-ended) are those accompanied by a list of all possible alternatives from respondents, and from which respondents select the answer that best describes their situation (Mugenga & Mugenda 2003). The researcher used this approach because it was easier to analyse the data collected, since the information was presented in an immediate usable form. The questionnaires were also economical to use in terms of time and cost.

The research also used unstructured questions (open-ended) to collect, evaluate and analyse data. These questions permitted the respondents to respond in their own words. This method produced more in-depth and comprehensive information. The researcher assumed a case study, which was chosen as it enabled the gathering of more detailed information about the experiences of the respondents.

**Target Population:**

The target population in this study comprised 302 INGOs registered by the NGO Coordination Board to operate in Kenya as at 30th August 2014. The population characteristics are summarized in table 3.1 below.

**Table 3.1 Target Population**

Category of Respondents	Population	Sample	Percentage
Project Managers	302	172	56%

**Sample size:**

This study was conducted on a population of 302 registered INGOs that had been active over the past 5 years to August 2014. Specific respondents were selected through the random sampling technique.

**Sampling Technique:**

This study used the Yamane (1967) formula for calculating the sample size so as to ensure 95% confidence level, 5% error margin and a precision rating of 0.5:

$$n = \frac{N}{1 + N(e)^2}$$

Where *n* is the sample size, *N* is the population size, and *e* is the level of precision.

Thus:

$$n = \frac{302}{1 + 302(.05)^2} = 172$$

The sample size thus comprised 172 organisations.

**Research Instruments:**

This study employed both primary and secondary data. Primary data was gathered through the use of questionnaires, whereas secondary data was obtained from program reports to supplement the primary data received from questionnaires. The researcher used a questionnaire that contained both structured and unstructured questions. Each of the questionnaires was divided into of two sections. The first part comprised the demographic and operational characteristics designed to determine fundamental issues including the demographic characteristics of the respondent. The second part focused on the factors influencing implementation of donor-funded projects by INGOs in Kenya, where the variables of the study were put into perspective.

**Data Collection Procedure:**

Data collection was done through sending questionnaires via email to respondents, then following up with a phone call to ensure receipt of the questionnaire by the respondents. The questionnaires were self-administered, whereby respondents were tasked to complete the questionnaires by themselves and then submit their responses via email.

**Pilot Test:**

The research involved a pilot test comprising six individuals in order to assess the effectiveness of the data collection instruments. The participants in the pilot test included two professional colleagues, two potential respondents from the target sample, as well as two potential consumers of the research results and analysis. Results from the pilot test were used to improve the quality of the data collection instruments.

**Data Analysis:**

The researcher used both quantitative and qualitative analysis techniques for this study because both approaches complement each other. Quantitative data was analyzed with the help of the Statistical Package for Social Sciences (SPSS). First, data collected using the questionnaires was coded, assigned labels to variables categories and entered into the computer. Frequency tables, percentage, and bar graphs were used to present the information. For qualitative data, common items were obtained in data collected and clustered in a patterned order so as to identify variables that depict general concepts and differences. Inferences were made from particular data under each theme and conclusions were then drawn from the findings.

#### IV. RESEARCH FINDINGS AND DISCUSSION

##### Characteristics of the Respondents:

The researcher distributed 172 questionnaires to the staff of the sampled INGOs and 143 of them were filled and returned, representing a response rate of 83% as shown in Table 4.1 below.

**Table 4.1 Questionnaire response rate**

No. of Questionnaires Issued	No. of Questionnaires Returned	Percentage Returned
172	143	83%

Out of the 143 respondents, 33 (23%) were procurement officers, 44 (30%) were project technical staffs, and 66 (46%) were in program Managers.

##### Effects of procurement planning on project success:

In order to find out about the existence of procurement planning procedures in the organisations, the researcher gave a Yes/No question, whose outcome is shown in Table 4.2 below:

**Table 4.2 Procurement planning in organizations**

Presence of Procurement Planning	Frequency	Percentage
Yes	132	92%
No	11	8%

A total of 132 respondents, representing 92% of all respondents indicated that their organisations had a procurement plan, while 11 (8%) indicated lack of a procurement plan in their organisations. Respondents who indicated that their organisations had procurement plan were further asked how frequently the plan was used in the procurement process, results of which are shown in Table 4.3 below:

**Table 4.3 Frequency of procurement plan's application in procurement decision making**

Application	Frequency	Percentage
Always	99	70
Sometimes	33	23
Never	11	7

From Table 4.3 above, 99 (70%) out of 143 respondents indicated that their organisations always used the procurement plan in making decisions on procurement. This points to the high significance that the organisations attach to the process. 33 (23%) indicated that their organisations use the plan sometimes, while 11 (7%) said that their organisations never use the procurement plan at all.

**Table 4.4 Staff involvement in procurement planning**

Staff	Frequency	Percentage
Procurement staff only	11	8
Program Technical staff only	11	8
Program and Procurement staff jointly	77	58
Others	33	25

When asked about the nature of staffs participating in procurement planning, 11 (8%) said that in their organisations, this is a preserve of procurement staffs. A similar proportion of respondents (8%) indicated that this was done by project technical staff. Majority of the respondents – 77 (58%) said their organisations deploy both procurement and program technical staff in procurement planning, while 33 (25%) said this was done by other staffs, including finance and administrative staff.

**Table 4.5 Staffs trained in procurement planning**

Training Status	Frequency	Percentage
None	11	8
Some of them	11	8
All of them	110	84

Asked about the qualifications of the staffs participating in procurement planning in their respective organisations, 11 (8%) of respondents said none of the staffs involved in procurement planning was trained in the practice, indicating that there was a capacity gap in this respect. A similar number of respondents – 11 (8%) indicated that some of the people involved in procurement planning were trained – signifying the need for capacity building, while 110 (84%) of respondents said that procurement planning in their respective organisations was done by trained personnel.

When asked to rate the performance of their organisations in procurement planning, the respondents answered as indicated in the Table 4.6 below:

**Table 4.6 Rating of organizational performance in procurement planning (Scale of 5 highest – 1 lowest)**

Rating	Frequency	Percentage
5	0	0
4	22	15
3	44	31
2	55	38
1	22	15

As shown in Table 4.6 above, 22 (15%) out of 143 respondents felt that their organisations were doing fairly well in procurement planning, giving a rating of 4. 44 respondents (31%) felt their organisations were doing well and gave a rating of 3, 55 respondents (38%) felt there was much to do in this regard, rating their organisations at 2, while 22 (15%) felt that their organisations were faring poorly, giving the lowest available ranking of 1. Notably, none of the respondents indicated that their organisations were doing a perfect job in procurement planning, hence there wasn't any rating of 5 – the highest possible on the scale.

**Table 4.7 Contribution of aspects of Procurement Planning to project success**

Aspect	Level of Contribution-Procurement Planning							
	High		Medium		Low		None	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%
Cost	121	92	11	8	0	0	0	0
Time	121	92	11	8	0	0	0	0
Project Targets	99	75	33	25	0	0	0	0

Brown and Hyer (2010) argued that project success can be measured based on time, cost, and quality (performance). In seeking to capture the respondents' perception of the importance of procurement planning with regard to project cost, time, and targets in the organizations under study, the researcher asked the respondents to indicate this on a scale from high to medium, too low to no impact. Out of the 143 respondents in the study, 121 (92%) believed that procurement planning has high impact on project cost, and only 11 (8%) of respondents felt that procurement planning has medium impact on project cost. 121 (92%) of the respondents felt that planning has high impact on project time, and 99 (75%) believed that planning has high impact on the achievement of project targets.

**Effects of vendor selection on project success:**

In order to gauge the significance of the vendor selection process on project success, the researcher first sought to find out whether the organizations had criteria for this purpose, with the responses shown in Table 4.8 below:

**Table 4.8 Vendor selection criteria in organizations**

Have Vendor selection criteria	Frequency	Percentage
Yes	121	85
No	22	15

As illustrated in Table 4.8 above, 121 (85%) of respondents indicated that their organizations had a vendor selection criteria, showing that most of the organizations attached high significance to the process. Only 22 (15%) respondents indicated that no such criteria existed in their organizations, a possible indicator of lack of capacity in this respect. This notwithstanding, all respondents said that vendors were selected competitively, with 132 (92%) indicating that this was done through a documented policy. 88 (67%) of respondents indicated that vendor selection in their respective organizations was handled jointly by procurement staff and program technical staff, while 33 respondents (25%) said that vendor selection in their organizations was done by other staffs, including personnel in finance and administration/management.

**Table 4.9 Organizational rating on performance in vendor selection**

Rating	Frequency	Percentage
5	33	23
4	77	54
3	22	15
2	11	8
1	0	0

Asked to rate their organizations’ performance with regard to vendor selection, 33 respondents (23%) felt their organizations were excellent and thus gave a rating of 5 – the highest; 77 (54%) felt their respective organizations were doing well, and thus rated 4; 22 (15%) of respondents felt their organizations needed some improvement, hence a rating of 3; while 11 respondents (8%) rated their organizations at 2, almost dismal. This was however attributed to the stringent donor requirements on Vendor selection which was emphasized in most of the Donor award contractual agreements.

As a way to capture the respondents’ perception of the importance of vendor selection on cost, time and attainment of program objectives, respondents were asked to rank this in a graduated scale from High, to Medium, to Low and No impact at all. The outcome of this is captured in Table 4.10 below:

**Table 4.10 Extent of vendor selection’s contribution to project aspects**

Aspect	Contribution- Vendor Selection Process							
	High		Medium		Low		None	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%
Cost	143	100	0	0	0	0	0	0
Time	99	75	33	25	0	0	0	0
Project Targets	88	67	44	33	0	0	0	0

As shown in Table 4.10 above, 143 (100%) of the respondents concurred that vendor selection has high impact on project cost. However, 99 (75%) of them felt that vendor selection had medium impact on project time, while 88 (67%) felt that it had high impact on achieving project targets.

**Effects of contract Performance monitoring:**

The researcher asked the respondents to indicate whether their respective organizations contracted supplies through use of approved tools. Responses are as shown in Figure 4.3 below:

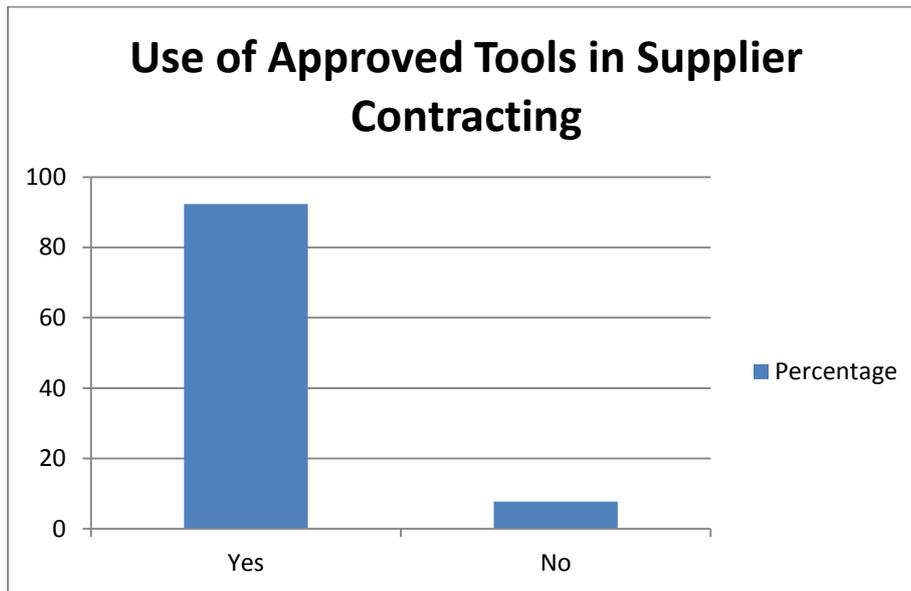


Figure 4.3 Suppliers contracting through approved tools

92% of the INGOs under study used approved tools when contracting suppliers and only 8% did not. 99 (81%) of respondents further indicated that their organizations conducted contract monitoring and control. For 99 (69%) of the organizations surveyed, this was usually done through documented policies, while in 44 (31%) of organizations the same was done through undocumented policies.

Table 4.11 Staffs involved in contract performance monitoring

Staff	Frequency	Percentage
Procurement staff only	44	31
Program technical staff	11	8
Procurement & Program staff jointly	66	46
Others	22	15

When asked about the nature of staffs involved in contract monitoring in their respective organizations, 44 (31%) respondents out of 143 indicated that this was done by procurement staff only. 11 (8%) said this was handled by joint teams of procurement and program technical teams, while 22 (15%) said the function was carried out by other staffs, including personnel from finance, legal and administration departments.

Asked for individual opinion on how their organizations fared in performance monitoring, the responses were as shown in Table 4.12 below:

Table 4.12 Organizational rating on performance in performance contract monitoring

Rating (5 as highest – 1 as lowest)	Frequency	Percentage
5	44	36
4	33	27
3	44	36
2	0	0
1	0	0

As illustrated in the table above, 44 (36%) of respondents felt their organizations had exemplary performance on performance contract monitoring and control, hence a rating of 5. 33 (27%) of the respondents felt that their organizations were doing well in this regard, hence a rating of 4; while a further 44 (36%) felt that the performance was good enough, as indicated by a rating of 3.

Meredith and Mantel (2012), outline the key factors for project monitoring and control as being time (schedule), cost (budget) and scope (performance). The researcher thus asked the respondents about their perception of the impact of performance contract monitoring and control on these project aspects, results of which are shown in Table 4.13 below:

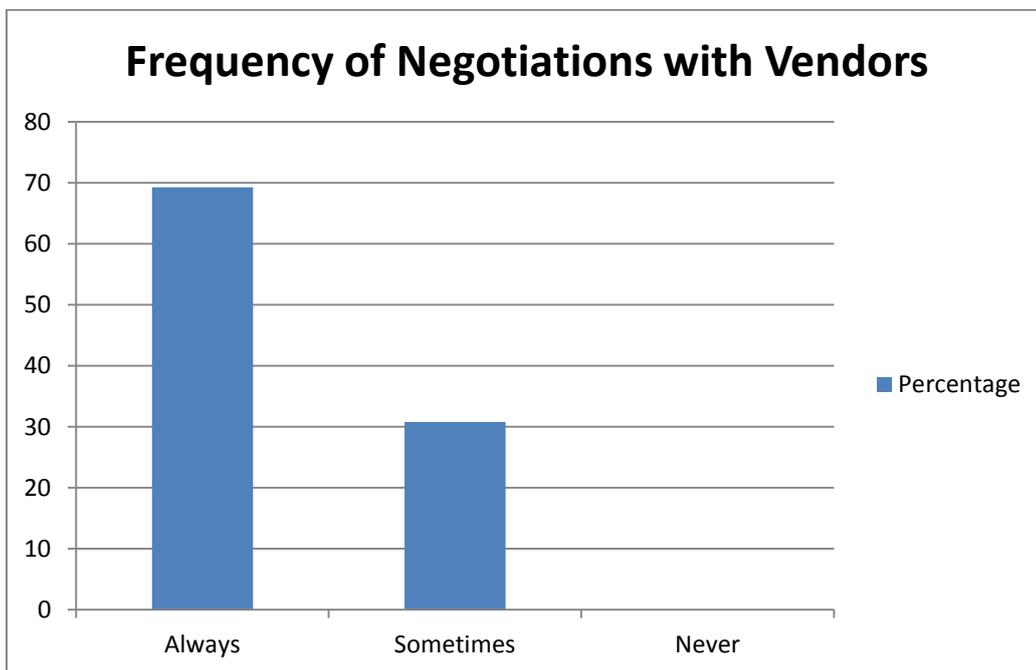
**Table 4.13 Extent of Contract Monitoring's contribution to project aspects**

Aspect	Contribution-Contract Monitoring							
	High		Medium		Low		None	
	Freq.	%	Freq.	%	Freq.	&	Freq.	%
Cost	99	75	33	25	0	0	0	0
Time	88	67	33	25	11	8	0	0
Project Targets	88	67	44	33	0	0	0	0

From the table above, 99 (75%) of the respondents indicated that contract performance monitoring had a high impact on project cost, while 33 (25%) of respondents felt that monitoring had medium significance to project cost. 88 (67%) of the respondents felt that monitoring had high impact on project time, while a similar proportion felt that contract monitoring had high impact on achieving project targets.

**Effects of procurement negotiations on project success:**

Asked about whether the organizations that respondents represented conducted negotiations with vendors, the majority of the respondents affirmed as illustrated below in Figure 4.4.



**Figure 4.4 Frequency of organizations' negotiations with vendors**

As indicated in the figure above, 69% of respondents indicated that they always conducted negotiations, while 31% only did so sometimes. 62% of the respondents further said that this was usually done using documented policies; while 38% said their organizations used un-documented policies.

With the significance attached to negotiations with vendors as illustrated by 69% of respondents indicating this was a regular procedure, the researcher sought to find out about the cadre of staff engaged in the process, as well as their capacities based on training. The outcome is as shown in Table 4.14 and Figure 4.5 below:

Table 4.14 Nature of staffs involved in negotiations with vendors

Nature of Staff	Frequency	Percentage
Procurement staff only	66	46
Technical staff only	0	0
Procurement and Technical Staff jointly	44	31
Other	33	23

As demonstrated in the table above, 66 (46%) of the respondents said this was done by procurement staff, while 44 (31%) of respondents said this was done by joint teams from procurement and technical staff. While 33 (23%) of respondents said negotiations were done by other staffs, among them finance, legal and management personnel, in no instance were technical staffs solely involved in the negotiations.

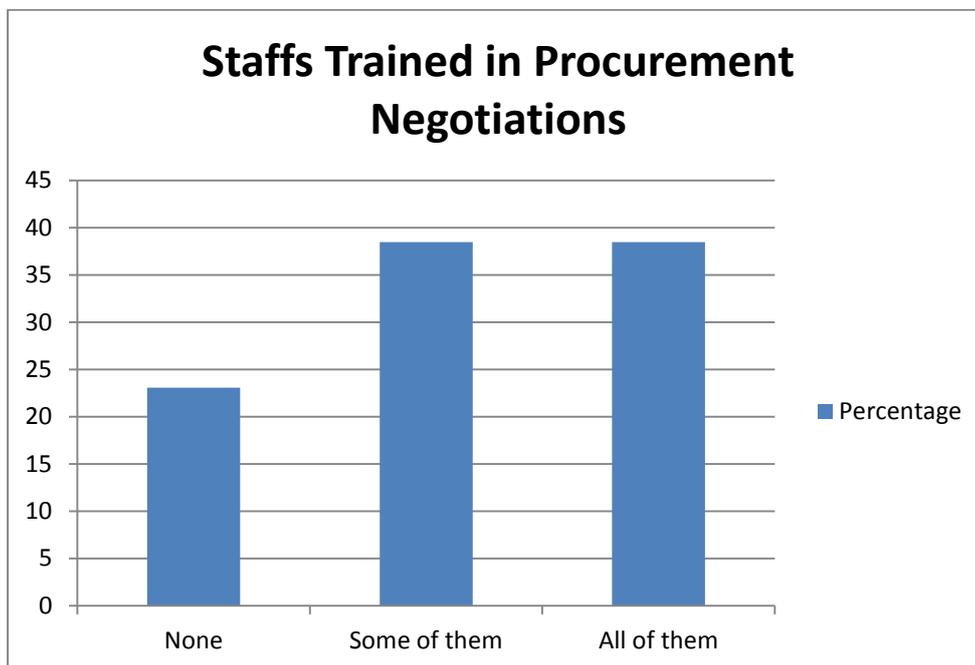


Figure 4.5 Percentage of staffs trained in procurement negotiations.

As illustrated in Figure 4.5 above, 23% of the staffs engaging in vendor negotiations in the organizations under study had no training in procurement negotiations. 38% of the respondents indicated that only some of the staffs engaged in negotiations were trained, while in 38% or responses all the personnel involved in vendor negotiations were trained in the practice.

Table 4.15 Organizational performance rating on procurement negotiations

Rating (5 highest – 1 lowest)	Frequency	Percentage
5	0	0
4	11	9
3	33	27
2	11	9
1	66	55

Asked about their perception of their organizations’ performance in procurement negotiations, none of the respondents felt that their organizations were perfect. The highest rating was 4 given by 11 (9%) of respondents, 33 (27%) felt the performance was satisfactorily, while 66 respondents (55%) felt that their organizations’ performance in this regard was dismal, raking at 1.

Table 4.16 Impact of negotiation with vendors on projects

Aspect	Contribution- Negotiations							
	High		Medium		Low		None	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%
Cost	99	82	22	18	0	0	0	0
Time	55	45	55	45	11	9	0	0
Program Targets	55	45	44	36	22	18	0	0

The researcher then sought to know from the respondents about the impact of negotiations with vendors of the cost, time, and achievement of program targets in respective organizations. Although 22 respondents opted to skip this question, Table 4.16 above shows that 99 respondents (82%) said such negotiations had high impact on program cost, while the remaining 22 respondents (18%) percent said the impact was medium. While 55 (45%) of the respondents said that negotiations with vendors had high impact on time, and on achieving program targets, 55 respondents (45%) said this had medium impact on time, while 11 respondents (9%) said that such negotiations had low impact on time. However, 44 respondents (36%) indicated that vendor negotiations had medium impact on program targets, while 22 (18%) indicated that the impact of such negotiations on program targets was low.

**Determinants of Project Success:**

In seeking to find out what the key determinants of project success were for the various INGOs represented by the respondents, the researcher asked them [respondents] to rank, on a scale of 5 -highest to 1- lowest, the importance of completing projects within time, within budget, and meeting the set targets. The responses were as shown in Figures 4.6, 4.7 and 4.8 below:

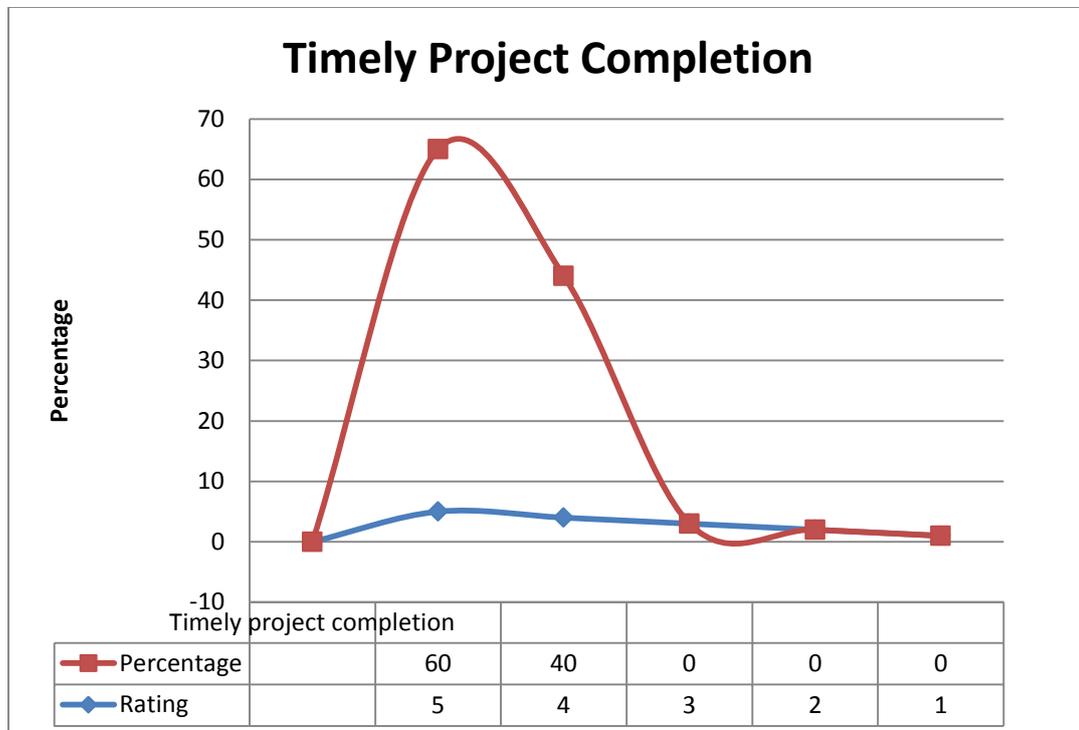
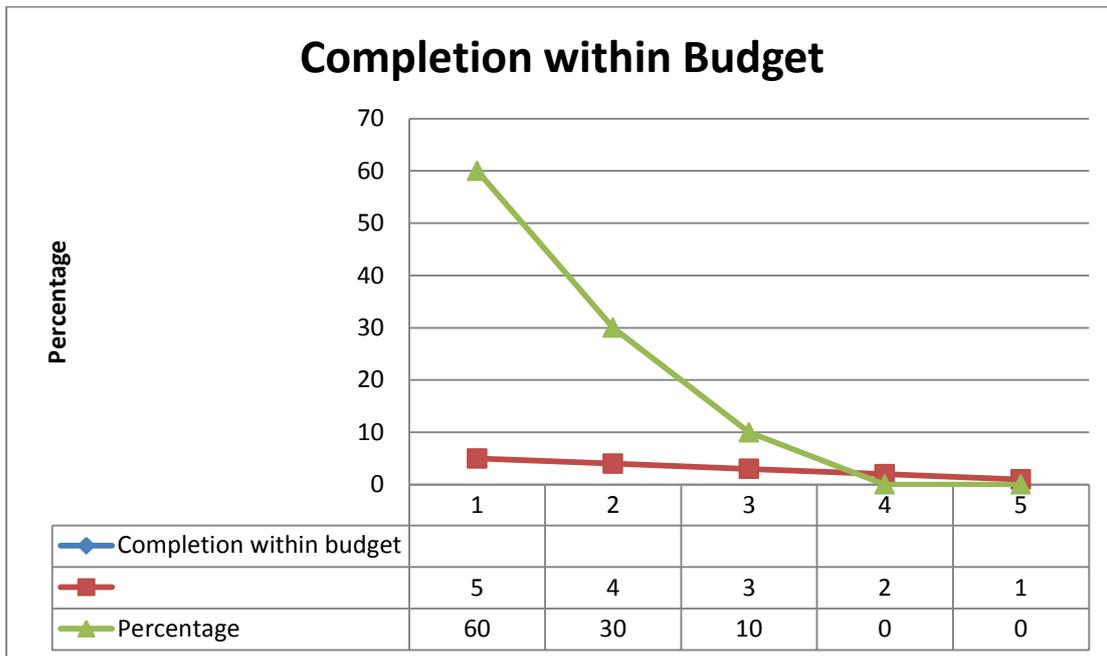


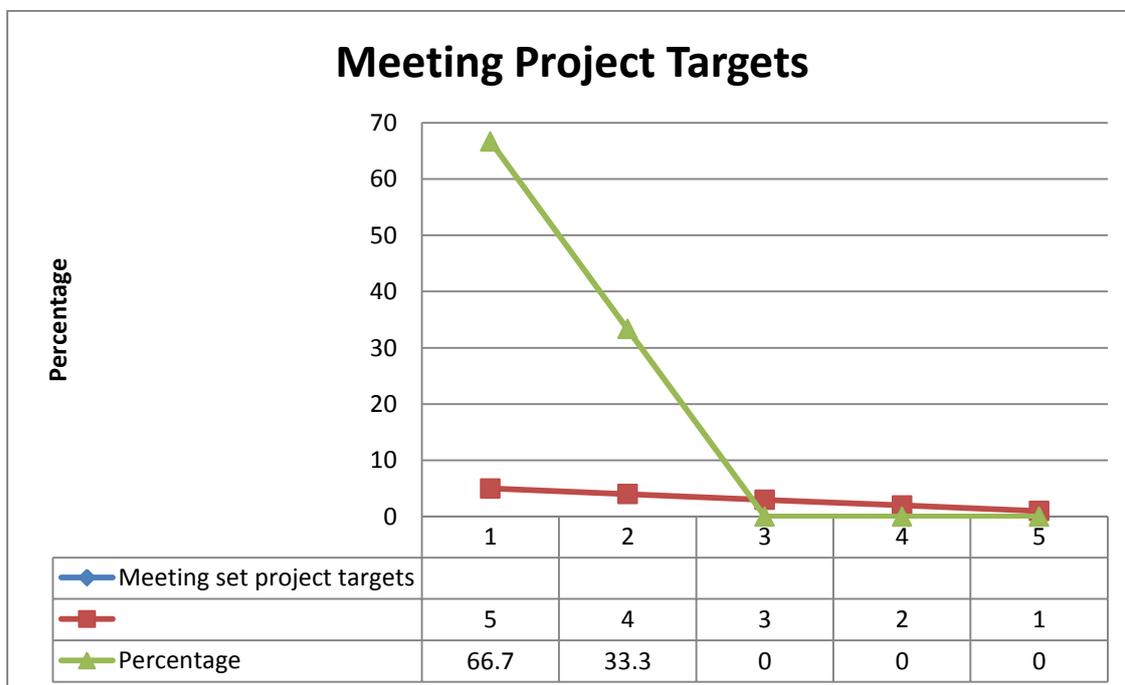
Figure 4.6 Timely project completion

As illustrated in figure 4.6 above, all respondents indicated that completion of projects within the set timelines was an important indicator of project success. 60% of the respondents felt that this was a critical factor, hence a rating of 5 (the highest) while 40% felt that timely project completion was very important, hence a rating of 4.



**Figure 4.7 Project completion within budget.**

Majority of respondents (60%) indicated that completing projects within the set budget was an ultimate indicator of project success. 30% of the respondents indicated that this was an important factor, hence a rating of 4, while 10 percent perceived this as not being such a critical factor, hence a rating of 3.



**Figure 4.8 Meeting project targets.**

As illustrated in Figure 4.8 above, 66.7% of the respondents perceived meeting project targets as a prime indicator of project success, rating this factor at 5, the highest on the provided scale. The remainder of the respondents (33.3%) felt this was an important indicator, hence a rating of 4. This notwithstanding, the respondents indicated that in their respective organizations, majority of the projects had been completed within the above parameters, as shown in Tables 4.18, 4.19, and 4.20 below:

**Table 4.17 Projects completed within the set timelines.**

<b>Percentage of projects completed within stipulated time</b>	<b>Frequency</b>	<b>Percentage</b>
Below 25%	0	0
26 - 50 %	0	0
51 - 70%	11	11
Above 71%	88	89

As shown in the table above, 89% of respondents said over 71% of projects in their organizations had been completed within the stipulated time, while 11% of the respondents said that only between 51% – 70% of the projects had been completed within the set timelines.

**Table 4.18 Projects completed in budget**

<b>Percentage of projects completed within set budget</b>	<b>Frequency</b>	<b>Percentage</b>
Below 25%	0	0
26 - 50 %	0	0
51 - 70%	11	11
Above 71%	88	89

From Table 4.18 above, 89% of respondents indicated that over 71% of projects implemented by their organizations were completed within the set budget, while 11% of respondents said that between 51% and 70% of the projects within their organizations had been completed within the set budget.

**Table 4.19 Projects that attained set targets**

<b>Percentage of projects that reached desired targets</b>	<b>Frequency</b>	<b>Percentage</b>
Below 25%	0	0
26 - 50 %	0	0
51 - 70%	22	22
Above 71%	77	78

As shown in Figure 2.0 above, 77 (78%) of respondents indicated that over 71% of the projects completed by their organizations achieved the set program targets, while 22% of respondents said that it was between 51 – 70% of the projects that had achieved the targets.

Among the challenges cited by the respondents (in the open ended section of the questionnaire) hindering successful project implementation include poor compliance with set requirements by vendors even after passing the initial vetting process; shortage of pre-qualified vendors database attributed by lack of clear vendor prequalification guidelines, which leads to time wastage in the search for new vendors each time a project comes up; lack of training in procurement planning, contract monitoring and vendor negotiations among procurement staffs, as well as lack of clarity of roles for procurement, finance and administrative staff with regard to procurement matters in some organizations.

## V. RESEARCH FINDINGS AND INTERPRETATIONS

This study came up with the findings as discussed below:

### **Procurement Planning:**

With 92% of the sampled organizations indicating that they regularly carried out procurement planning, this emphasizes the importance of this procurement aspect for successful project implementation. Although other procurement practices play key roles, procurement planning came out as a major determinant of effective implementation of projects. The

respondents' feeling that there is need for continuous training of staffs involved in procurement on procurement planning concurs with Wanjiru (2013) who points out that there is need for training with an aim of insuring that procurement in the organization is conducted within the speculated timeframe. This would ensure that there are no delays in procurement, hence faster project implementation.

#### **Effects of vendor selection:**

The significance of the vendor selection process in project success cannot be gainsaid, given that 85% of the respondents indicated that their organizations had criteria for this purpose. Majority of the respondents felt that their organisations were performing satisfactorily in this aspect. This was in agreement with Walker and Rowlinson (2008) who explain that procurement choice should be guided by the project typology and the degree of collaboration and integration between the supply chain parties and their relationships. The import of this on the project carried out locally by the INGOS under study is the fact that 100% of respondents indicated that vendor selection had significant influence on project costs, and 75% concurred that the process affected project timelines as well. This was attributed to the observations that most donor agreement contracts had explicit provisions on vendor selection processes.

#### **Effects of Contract Monitoring and Control:**

The study found that monitoring and control functions were conducted in 92% of the organizations under study. However, majority of respondents felt that there was room for improvement in how their organizations implemented this function. The study also found that in 71% of the cases, contract monitoring and control function was conducted either by the procurement staff, or by joint teams comprising technical and procurement personnel. Concurring with Brown and Hyer (2010) who advocate for the ability to identify metrics relevant to the project, performance indicators, as well as the ability to generate timely information for timely decision making as some of the key ingredients of effective contract monitoring and control, this study found that 92% of INGOs operating in Kenya indeed have developed approved tools and systems to guide their project control and monitoring activities. As such, it would be impossible to measure the progress of a project against the set budget, time, and achievement of program objectives in the absence of an effective contract monitoring policy.

#### **Effects of Procurement Negotiations:**

As Fisher and Ertel (1995) argue, in the negotiating process, parties should think carefully about the kind of commitments they should be prepared to make. Are they capable of honoring them? How broad should commitments be? When will each party be expected to make good on their promises? Despite the significance of this process, 31% of the INGOs indicated that they only engaged in the process sometimes. In addition, as Fisher and Ertel (ibid) caution, parties should be cautious about the commitments they give as well as their individual capacities to honor the commitments. As this study found out, over-commitment on the part of vendors often does compromise their abilities to deliver, thereby negatively affecting project success. Procurement negotiations should thus be made bearing in mind the supplier's capabilities, without pressuring the supplier to over-commit beyond their capabilities.

The study revealed that majority of the organisations lacked effectiveness in negotiating with suppliers, and a pointer to the possible lack of capacity in this aspect of procurement.

## **VI. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

### **Summary:**

In summary, the study shows that majority of the respondents perceive procurement planning, vendor selection, contract monitoring and control, as well as procurement negotiations as important factors for the successful implementation of projects by INGO's in Kenya. This notwithstanding, there exists two sets of challenges on the way towards successful execution of the above four key procurement functions.

One set regards internal workflow processes, whereby some organizations lack documented policies on how to carry out procurement planning, vendor selection, contract monitoring and control, as well as procurement negotiations. Some organizations lack adequate internal capacity to handle these functions too, further complicating the outcome of the entire procurement function, and hence affecting project completion and success.

The second set of challenges relates to the external environment, whereby some vendors, despite having been prequalified based on merit, eventually demonstrate lack of capacity to adhere to the agreed upon delivery timelines and performance standards. Shortage of qualified suppliers also leads to time wastage, as the vendor selection process has to be conducted each time there is need for procurement of materials or services for the project. Despite this, there is need to further strengthen the capacities of the teams involved in procurement to handle the procurement planning, vendor selection, contract monitoring and control, as well as procurement negotiations processes for successful project implementation by INGOs operating in Kenya.

## VII. CONCLUSIONS

This study has proven that procurement planning, vendor selection, contract monitoring and control, as well as procurement negotiations are indeed important factors for the successful implementation of projects by INGO's in Kenya. However, this study also shows that the environment within which these practices take place can be a contributing factor to the success or failure of projects. Taking into account the internal organizational environment, for instance, success in the above four practices hinges on these being implemented by competent staffs, and with well documented procedures, which was lacking to some degree in some organizations, hence impacting project success. Failure to effectively control the factors internal to the organization leads to compromises in controlling the external environment, which comprises the suppliers and their subcontractors. As the study shows, where there were inadequate human capacities and no guidelines were followed in executing the above four practices, this impacted projects completion within the set time, budget and meeting the set objectives.

## VIII. RECOMMENDATIONS

INGOs operating in Kenya have evidently ensured high standards of project implementation in order to achieve their strategic objectives. The employment of various procurement aspects has had a substantial impact in the implementation of projects implemented by INGOs in Kenya. Consequently there is need for concerted efforts and resources to be employed to ensure that the procurement practices adopted by an INGO result in a positive contribution to the projects being implemented.

These additional measures should include hiring of trained procurement and the continuous development of personnel involved in procurement functions. There is need to determine minimum procurement qualifications required in order for any staff to be engaged in execution of procurement practices. Membership to procurement professional bodies should be mandatory to ensure that procurement staff continues to gain Continuous development. These procurement practices should continually be reviewed and updated to reflect the changing dynamics of project implementation including providing more flexible practices that accommodate emergency response projects such as those responding to disasters.

Emphasis should also be placed in the standardization of procurement practices across various donors, this will ensure consistency in application of this practices, this will ensure that all INGOS implementing donor funded projects adhere to uniform procurement practices particularly those relating to Procurement Planning, Vendor selection, Contract performance monitoring and Procurement Negotiation as is the case with public bodies which adhere to the public procurement Act and the subsequent regulations enacted.

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