

**Challenges Affecting The Implementation Of Preference And Reservation Scheme
To Special Groups In Tertiary Institutions**

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DECLARATION

This thesis is my original work and has not been presented in any university/institution for a degree or for consideration of any certification

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LIST OF ABBREVIATIONS

AGPO	Access to Government Procurement Opportunities
GOK	Government of Kenya
KVEs	Khadi and Village Enterprises
LPO/LSO	Local Purchase Order/Local Service Order
PPADA	Public Procurement and Asset Disposal Act (2015)
PPDA	Public Procurement and Disposal Act (2005)
PPOA	Public Procurement Oversight Authority
PPRA	Public Procurement and Regulatory Authority
PWDs	Persons with Disability
ROK	Republic of Kenya
SMEs	Small and Medium Enterprises
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
USAID	United States Agency for International Development
WB	World Bank

ABSTRACT

The study's purpose is to assess the challenges affecting the implementation of preference and reservation scheme to special groups in public procurement. Specifically the study aims to examine how access to finance by special groups, training of special groups, tender evaluation committees' competence, and regulatory framework affects implementation of preference and reservation scheme in Tertiary institutions in Nyeri County. The was guided by Institutional Theory and Empowerment Theory to understand the concept behind preference and reservation scheme in public procurement and its implication in empowering disadvantaged groups. Descriptive study design adopted for the study. The target population comprised 147 respondents drawn from staff working in the procurement function, finance department, head of departments regular involved in tender evaluation, registered suppliers, and prequalified tenderers in Tertiary Institutions from whom a census was done. A pilot study was done at Michuki Technical Training Institute to enable refining the research instrument for clarity. Cronbach Alpha coefficient with a value of 0.70 or more than was considered to designate that the instrument is reliable. The study achieved a response rate of 89.8%. Data analysis was conducted using statistical package for social sciences (SPSS) to generate descriptive and inferential statistics. Frequencies and percentages were generated from the data and presented using tables, pie charts and bar charts while bivariate and multiple regression analysis was done to establish relationship of each parameter of the independent variables in the study. The study findings revealed that access to finance by special groups, training of special groups and regulatory framework had positive and significant effect on implementation of preference and reservation scheme. Tender evaluation committees' competence had positive but insignificant effect on implementation of preference and reservation scheme. In addition, most of the special groups face major challenges and constraints in accessing funding to enable them supply goods and services even after being issued with LPO/LSO as the banks takes time to lend this clientele base due to their unique characteristics who pose a high risk of default. These include lack of securities and credibility (for debt financing), lack of existing business, lack of personal savings and resources, low credit-scoring among others. The study recommends that government should develop intervention strategies or policies to ensure easy access to fund by special group to enable them participate in public procurement. The study further recommends a review of Public Procurement to provide supportive regulatory framework which will establish an independent body that will facilitate continuous capacity developments of the disadvantages groups and establish mechanism for regular compliance audit since the current regulation is not clear on action to be taken on non-compliance. Future research could focus on undertake comparative studies covering other Counties so as to validate whether the findings can be generalized

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Public procurement include the process of obtaining works, goods as well as services concerning the public money use to achieve particular purposes of the public, starting with the need identification and finishing with the contract completion (PPOA, 2008). According to White paper (2005) public procurement has a remarkable impact on the political, legal and social environment and economy. Public bodies are the main purchasers of works, services and goods within a state thus influence the domestic industries' structure, performances as well as size. Up to this end, it's essential for the government to review the efficiency as well as effectiveness of its system of procurement from time to time to. If any weakness is identified, reforms should be introduced to strengthen the procurement system in order to get value for money (Macdonald, Walker, Moussau, 2008).

The global economy emergence, increased government function decentralization, greater discretions power officials and weakness of the current system of procurement have brought about need of regulating procurement process in new techniques, hence need for reforms to solve these emerging challenges in the public procurement (PPOA, 2009). Many governments in Africa at the present practice mainstreaming of gender when designing national budgets to ensure national economic planning pays sufficient concentration to the women's economic empowerment distinctive challenges (WB, 2012).

Participation of Disadvantaged Groups in Public procurement is a vital function of all governments for a number of reasons (Baker et al 2011). The first reason is that, the Disadvantaged Groups sheer magnitude in procurement expenditures has an immense impact on the country's economy and necessitates to be managed well. Certainly, in every country globally, financial activities estimates of government procurement by the youth are thought to be in the order of 10 percent –to 30 percent of GNP (Routledge &London, 2006). Numerous governments at the present practice mainstreaming of

gender during designation of the national budgets (as well known to as gender responsive budgeting) to ensure national economic planning pays sufficient concentration to the women's economic empowerment distinctive challenges (WB, 2006).

USAID, Micro Enterprise Development, (2013) reported that in order to make sure that the micro enterprises contribution to national economies and chief sub sectors is maximized a conducive allowing environment which helps instead of inhibiting participation in public procurement is vital. One of the strategies is to unlock the potential of the youth, women and PWDs is by empowering and offering them additional opportunities to perform business with the government (PPOA, 2014).

Procurement process being among the vital areas of public financial system of management in Kenya is constantly going through improvements which are focused on improving utilization of public resources efficiency; guaranteeing economic stability which is vital to making a permitting environment for led growth of the private sector; and reinforce transparency as well as governance in the public finances management (PPOA, 2013). A main milestone in reforms of procurement came after The Constitution of Kenya, 2010 promulgation which reinforced the necessity for public procurement to be carried out within a system that is equitable, fair, competitive, cost effective as well as transparent (Constitution of Kenya, 2010). This necessitated the need for changes in procurement law to align public procurement with the constitution.

The following groups are considered by World Conference on Youth (2014) as marginalized: indigenous youth, young people with disabilities, young people from conflict affected areas, marginalized ethnic and cultural groups, young people from low social and economic backgrounds, refugees and migrants and youth from rural communities/young farmers.

In Kenya, Article (100) of the constitution of Kenya refer to marginalized groups which is further elaborated in the two- third gender rule laws (amendment) bill, 2015 to include persons with disabilities, women, ethnic, youth and other marginalized communities and minorities. This implies that marginalized communities and special interest groups in Kenya are one and the same. Youth in Kenya defined as those between 18 - 35 years old

number around 11.99 million, and account for about 31% of the population (KNBS, 2010).

A National Survey was conducted on persons having disabilities and the findings showed that 4.6 percent of the population of Kenya go through some disability form, with physical impairments and visual being the most often (Blome, & Schoenherr, 2011). R.o.K, (2013) reported that absence of entrepreneurial and employable skills, are among the major critical problems that face communities of people living with disability as well as the society consequently people are in general excluded from public procurement thus hindering their general economic independence.

SMEs give employment to approximately 67 percent of formal sector workers within developed countries, whereas within developing countries; this figure is lesser at approximately 45 percent. Correspondingly, SMEs does a contribution of a considerable share to formal Gross Domestic Product – 49 percent on average within high income states and 24 percent on average within low income states, in that order (Bank of Namibia 2012). SMEs have the prospective to contribute to economic strategies as well as innovation and to promote competition (Fee, 2012) The Indian government gives preferential treatment to SMEs, khadi and village enterprises (KVEs) by way of awarding contracts to other than the lowest bidder, 5-15% price preference for small-scale industries and waiving of tender fees. It as well gives reservation for SMEs including KVEs and preference to groups of women, scheduled and tribes and scheduled castes other minority groups (UNCTAD India, 2007). The challenge with this initiative is the tradeoff between the initiative and EU trade agreement with the Indian government, which requires that India opens its public procurement to the other members of the block (Sengupta, 2004).

In Namibia, according to a survey done by the national youth council in 2010, the government has an equipment aid scheme which assists the SME"s acquire production equipment and technology which boosts their production capacity and reduces production costs. This gives the SME"s a better competing ground when bidding for government tenders. The SME"s receive certificates which allow them to get preferential tender rating

by public tender boards. However, the survey revealed that establishing a business in Namibia is perceived as being challenging to SMEs. Obtaining industry-specific permits is costly and time consuming. This discourages the youth from registering their firms, which in turn blocks them from participating in government tenders. The survey recommended a one stop shop for registration of businesses (Fee, 2012)

In 2010, the Kenya government in its endeavors to support the SMEs required public procuring entities to reserve at least one in every 10 country tenders for the SMEs and youth who effectively manage a massive chunk of small businesses in Kenya giving traders access to a critical market (Ng'ang'a, 2011). This was upgraded to even higher percentage in 2013 after enactment of the Public Procurement and Disposal Amendment) Regulations, 2013, which requires that 30% of tenders in all public Procuring entities should be reserved for the disadvantaged groups, that is, the youth, women and persons with disabilities. However, the SMEs participation in government tenders has still been low. Kawino (2014) studied responses of micro and small enterprises to business opportunities in Kenya. The study found out that several internal and external factors in the environment determine the identification and choice of an opportunity to be exploited by an entrepreneur. Further the study recommended that support be given to this sector in form of skills development, culture change programmes and financial skills and market opportunities.

The Kenyan government has established policies to make sure that special groups profit from procurement of the government. Pursuant to public procurement policy of 2011 gazetted via legal notice number 58 of 2011, the affirmative action of the government reserving 10 percent of contracts of the government for the youth as well as the public procurement and regulations of the disposal, procuring bodies were permitted to unbundle works, services and goods in realistic quantities pursuant to PPDA Section 31(7), 2005 for the aim of guaranteeing maximum involvement of groups that are disadvantaged, small and microenterprises in public procurement (PPOA, 2015).

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In a study on factors influencing success of youth enterprises in Ndaragwa Constituency, Nyandarua County, Kenya, Muthini (2012) found out that administrative and regulatory framework influenced success of youth enterprises. Further, he found out that business assistance and support influenced the success of youth enterprises. He recommended formal training for the new youth entrepreneurs before they start up businesses.

1.1.1 Reservation of Thirty Percent Tenders to Disadvantaged Groups

Reservations means exclusive preference to procure goods, works, and services set aside to a defined target group of tenderers within a specified threshold or region (Public Procurement and Asset Disposal Act, 2015). The constitution of Kenya, 2010, Article 227, requires state organs or any other public entity to be fair in contracting for procurement of public goods and services.

Access to Government Procurement Opportunities (AGPO) is a program geared towards enabling the youth, persons with disabilities and women access to 30% of all government procurement opportunities in Kenya. It is an affirmative action program aimed at empowering women, youth and persons with disabilities by giving them more opportunities to do business with Government (R.o.K, 2013).

The opportunities are only accessible to a legally registered business in the form of a sole-proprietorship, partnership or registered company. For both the partnership and the registered company, the ownership in form of capital invested or shares owned should be at-least 70% for the women, youth or persons with disability and the business should be 100% led by women, youth or persons with disability.

Pursuant to Article 227(2) of the Kenyan Constitution “An act of parliament was required to prescribe a framework within which policies relating to procurement and asset disposal shall be implemented and provide for one; categories of preference in the allocation of contracts and secondly the protection or advancement of persons, categories of persons or groups previously disadvantaged by unfair competition or discrimination through reservations and preferences

Further, Article 55 (b) of the Kenyan constitution requires the state to take measures that will provide for affirmative action in programmes that will give the youth opportunities to participate in economic development. Pursuant to this constitutional provision, the minister for finance gazetted legal notice No. 58 on the public procurement and disposal (preference and reservations) Regulations, 2011. These regulations provided for preference and reservations in public procurement when soliciting tenders from the prescribed target groups such as; SMES, disadvantaged groups such as youth, people with disabilities (PWDs) and the women owned enterprises.

In the light and spirit of the constitution, His Excellency the former president Mwai Kibaki during the 5th anniversary celebrations of the Youth Enterprise Development Fund decreed that 10% of all government procurement opportunities be allocated to the youths so as to empower them and accelerate the growth of youth owned enterprises. In this regard, Access to Government Procurement Opportunities (AGPO) initiative was later launched at KICC on June 29th 2012.

His Excellency the President Uhuru Kenyatta in 2013 directed that the rules of procurement be revised to permit 30% of contracts to be given to the women, persons with disability and youths with no competition from firms that are established. Following this directive, the public procurement and disposal (preference and reservations) Regulations, 2011, were amended vide legal notice No. 114 of 2013. Regulation 31(1) of the referenced amendment stipulates that at least 30% of all government tenders are to be awarded to this target group.

This was further entrenched through enactment of the Public Procurement and Asset Disposal Act (PPADA), 2015 that provides how the preference and reservation scheme

shall be implemented. Section 155 (5) of PPADA 2015, stipulates that, an accounting officer of a procuring body shall, when doing the processing of procurement, set aside a prearranged percentage of its budget of procurement, which shall not be below 30%, to the groups that are disadvantaged and comply with the Acts provisions as well as the regulations regarding reservations and preferences. For one to qualify for a particular reservation or preference, an individual shall give eligibility evidence as prearranged.

Part VI on general procurement principles of the procurement Act, further provides that each procuring body shall make sure that a minimum of 30% of its value of procurement in each financial year is allocated to the women, persons with disability and youths and that all procuring bodies shall make sure that every paid out money to an venture owned by women, persons with disability or youths is paid into an account in which the obligatory signatory is a woman, a person with disability or a youth.

To ensure compliance and effective monitoring, Section (158) (1) of PPADA 2015, all procuring bodies shall incorporate reservations as well as preferences in their plans of procurement and shall surrender to the Public Procurement Regulatory Authority (PPRA) the part in its plan of procurement indicating reservation and preference schemes application concerning budget of procurement within 60 days following financial year commencement.

1.1.2 Capacity Building for Disadvantaged Groups

Ganbold (2012) stated that the SMEs ability to develop is highly dependent on their potential to do investment in qualification and innovation. Both of these investments require capital and thus access to capital. The researcher as well emphasizes that the constantly repeated SMEs complaint regarding their problems about access to capital is an extremely important limitation which puts in danger the developing countries economic growth (Ganbold (2012). SME's are mostly not capable to access capital from local banks in any way, or strongly face hostile conditions of lending. The banks in developing nations are in turn disadvantaged by lack of regulatory support and lender information to participate in lending of SME's. Then the general outcome is lack of a well-running SME market of lending, and SME's are obstructed in their development,

with consequences that are negative for economic and macro-economic resilience and innovation within developing states.

In response to the financial challenges to the women, persons with disabilities and youth, the government has put in place measures to empower the youth financially and ensure that the youth has access to finances, for instance, Uwezo fund was initiated in 2013 to support the Youth, women & persons with disabilities. The fund lends loans to the disadvantaged at lower rates and no collateral is required to secure the funds (GoK, 2013). The government also has the youth fund which lends money to the youth at lower interest rates. The youth enterprise fund major objectives are: Provision of funding as well as services of business development to youth focused enterprises or youth owned, provision of incentives to commercial banks via suitable instruments of risk mitigation to allow them raise lending as well as financial services to enterprises of the youths; Provision of loans to existing institutions of micro-finance, non-governmental organizations that are registered involved in micro financing, as well as savings and credit co-operative institutions for on-lending to enterprises of the youths; Attract as well as assist investment in micro, small and medium enterprises oriented commercial infrastructure for instance industrial parks or business, business or market incubators stalls which will be beneficial to women, PWDs and youths enterprises; Give support to youth oriented micro, small and medium enterprises to build up linkages with large enterprises; Marketing of services and products facilitation of youth owned enterprises in both international as well as domestic markets (G.o.K, 2013).

Public procuring entities have also been instructed to pay suppliers within thirty days to facilitate them participate in more tenders (G.o.K, 2013). The public institutions are also supposed to give letters of undertakings to the youth suppliers which are meant to help them secure funds from financial institutions. Invoice discounting has also been popular in the financial institutions, which has seen the youth greatly benefit from government tenders.

Knudsen, (2013) reported that it has been recognized generally that small women and youth enterprises that are established have undergone distinctive problems, that have affected negatively their profitability as well as growth, thus retreating their capability to

effectively contribute to sustainable growth via public procurement. The government of Kenya executed AGPO project whereby thirty percent of government budget of procurement was set aside for women, persons with disabilities and youth, but only little progress has been achieved (G.o.K, 2013).

However, Odhiambo and Kamau (2015) argue that, there exists an extremely strong feeling amongst the actors that SMEs have been marginalized in majority of the public sector activities. Whereas there are several explanations for lack of involvement, one of the major reasons appears to be lack of a transparent, participatory, accountable as well as coherent policy of procurement (Bovis, 2014). A major milestone in procurement reforms that gives chance to disadvantaged groups was brought about through The Constitution of Kenya, 2010 promulgation which reinforced the want for public procurement to be carried out within a system that is, equitable, fair, transparent, cost effective as well as competitive (Constitution of Kenya, 2010). This was further boosted by enactment of PPADA (2015) that stipulates that all procuring body shall make sure that a minimum of 30% of its value of procurement in each financial year is allocated to the women, persons with disability and youth.

1.2 Statement of the Problem

The youth, women and PWDs have the potential of accelerating growth and productivity, although if left idle may signify a threat to social stability and in the long run a threat to nation's economy development. Guaranteeing successful integration of these groups into the economy via procurement will advance competitiveness of Kenya, decrease poverty, increase household incomes and create a circle of growth as well as investment.

Youths, women and PWDs make up more than 85 percent of the population of Kenya yet they contribute below 10 percent of public procurement in spite of the advantages which accumulate from their addition. This hampers economic growth leading to high levels of unemployment. The government through its Private Sector Development Strategy is seeking ways to promote innovation, competition and employment opportunities for disadvantaged groups like youths, women and PWDs through reservation and preference scheme in public procurement.

The government has set aside 30% public procurement opportunities to assist the special interest groups who were in business but did not have the capacity to compete for government tenders with other established suppliers. However the uptake of reserved procurement opportunities by special groups has not been optimal due to a number of challenges among them: lack of awareness of the opportunities and knowledge of government procurement processes as well as lack of funds to finance

A survey done by the Ministry of Devolution and Planning on AGPO, indicates that, between March 2013 and December 2014 out of 30000 youths, women and PWDs who have registered companies only 6000 youths have benefited from the reservation scheme. During the 2014/2015 fiscal year, 63 billion expenditure was reserved for the special groups but the actual uptake by was only 3 billion shillings translating to less than 5% uptake. This indicates there could be some major challenges attributed to the slow uptake of this opportunity by the special groups. Similarly, tertiary institutions have been unable to meet the 30% threshold of reserved tenders since these disadvantaged groups don't apply for consideration for these opportunities.

A number of problems have been suggested as potential reasons as to why the uptake is low, these include lack of access to information, lack of funding, poor tendering process and lack of training among others. There is no dedicated study to explain the practical challenges affecting the implementation. Therefore this study assessed the specific challenges affecting implementation of preference and reservation scheme with a particular tertiary institutions and suggest possible ways of overcoming them.

1.3 Objectives of the Study

1.3.1 General Objective

The study's main objective was to assess the challenges affecting the implementation of preference and reservation scheme to special groups in tertiary institutions.

1.3.2 Specific Objectives

The study's specific objectives were:

- i. To assess how access to finance by special groups affects the implementation of preference and reservation scheme in tertiary institutions

- ii. To evaluate how training of special groups affects implementation of preference and reservation scheme in tertiary institutions
- iii. To assess the effect tender evaluation committees competence on implementation of preference and reservation scheme in tertiary institutions
- iv. To assess how regulatory framework affects implementation of preference and reservation scheme in tertiary institutions

1.4 Research Questions

The study sought:

- i. To what extent does access to finance by special groups affects the implementation of preference and reservation scheme in tertiary institutions?
- ii. To what extent does training for the special groups' affects implementation of preference and reservation scheme in tertiary institutions?
- iii. To what extent does the competence of tender evaluation committees affect implementation of preference and reservation scheme in tertiary institutions?
- iv. What are the effects of regulatory framework on implementation of preference and reservation scheme in tertiary institutions?

1.5 Significance of the Study

This study intends to assess the practical challenges that impedes disadvantaged groups like youth, women and PWDs from participating in reserved tenders provided by public entities. This information could guide policy makers both at national and county governments on how to improve access to reserved procurement opportunities by these special groups. The study may be of importance to other scholars in the field of procurement as it may be a point of reference for future studies.

1.6 Limitations of the study

Accessing information on the number, percentage and value of tenders allocated to the disadvantaged groups was restricted out of fear of losing confidential information. Therefore researcher used introduction letter for research from the university to convince the respondents that all the information given was treated with utmost confidentiality and was to be purely used for academic purposes.

1.7 Scope of the Study

The study focused in assessing the challenges affecting the implementation of preference and reservation scheme to special groups in public procurement in tertiary institutions within Nyeri County which included, The Nyeri National Polytechnic, Mathenge Technical Training College, Kamwenja Teachers Training College and Kagumo Teachers Training College. The target population comprised staff working in the procurement function, finance department, AGPO registered suppliers, and prequalified AGPO tenderers in respective institutions.

1.8 Operational Definition of Terms

Access to Government Procurement Opportunities: It's an affirmative action program focused on empowering youth, persons with disabilities and women by giving those groups opportunities access to 30% of all government procurement opportunities in Kenya (R.o.K, 2013).

Reservations: This is the exclusive preference to purchase works, goods as well as services reserved to a definite target group of tenderers within a specified region or threshold (PPADA, 2015).

Special groups: this represents marginalized and disadvantaged groups and includes youths, women, persons with disabilities (R.o.K, 2011)

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The chapter outlines the theoretical literature review, review of empirical literature, conceptual framework, the critical literature, study gaps as well as summary of the chapter.

2.2 Theoretical Literature

2.2.1 Institutional Theory

Institutional theory may be utilized to give explanation to the factors that affects access to opportunities of public procurement within Kenyan public secondary schools by SMEs. It has been reported that institutional theory is usually utilized to study public procurement from different viewpoint (Obanda 2010). Hypothetically, Scott, (2004) stated that institutions refers to social structures which have achieved high resiliency degree and they are made up of regulative as well as cultural-cognitive elements that, jointly with linked resources and activities give a meaning to life. It as well been reported that the foundations of all institutions are normative, cultural- cognitive and regulatory, where regulatory is the laws and rules as well as the implementing mechanism, whereas the normative elements comprises of values and norms, on the other hand cultural-cognitive refers to the shared understanding and beliefs (Scott, 2004).

Access to public procurement opportunities by special groups in Kenya may be improved via procurement regulatory framework implementation, as well as predetermined procedures of procurement utilization for preference and reservation schemes which takes place within institutions operating under rules and regulations (Doug & Scott, 2009).

Researcher such as Meyer and Rowan (2007), emphasized that the environment of an institution may influence strongly the formal structures development within an institution, frequently more deeply as compared to pressures from the market. Innovative policies which develop technical effectiveness within early-adopting institutions are legitimized within the environment. Eventually these innovations get to a legitimization level where failure to assume them is viewed as "irrational and negligent" (otherwise they

become legal mandates). At this time existing as well as new institutions will assume the structural form even though the form does not develop effectiveness.

In relation to this theory, Kenyan public procurement bodies and suppliers are directed by regulations and rules as stipulated in the Article 227 of the constitution and the Public Procurement and Asset Disposal Act, (2015), Public Private Partnerships Act (2013), The Public Procurement and Disposal (County Governments) Regulations, 2013 and The Public Procurement and Disposal (Preference and Reservations) Regulations, 2013. These legislations set have come up with new standards to guide process of public procurement in Kenya and prescribe a framework within which policies that relates to asset disposal and procurement shall be executed and provide for preference as well as the advancement or protection of persons, categories of groups or persons formerly disadvantaged by discrimination or unfair competition which includes youths, women and PWDs who forms the basis of this study.

In Kenya the public procurement has turn into a matter of the public attention which has been subject to scrutiny, reforms and amendments. Nevertheless, some essential aspects of organizational activities and environment have not been addressed fully by institutional theory in understanding organizational environment which is influenced by external and internal factors other than regulations and might vary depending with an organizations' capability to adapt to its environment or even change it (Doug & Scott, 2004).

2.2.2 Youth Empowerment Theory

Zimmerman (2008) a researcher who is renowned in the empowerment field stated that the youth empowerment field has a firm basis of theory, at both levels of process as well as outcomes. The process – or *empowering level* – gives youth opportunities to build up their skills and develop into makers of the decision and solvers of the problem. The outcomes – or the *empowered level* – is the empowerment process result, together with the attempts consequences to achieve control within the community and the interventions effects intended for empowering participants.

The youth empowerment theory is a three-pronged approach which engages effectively young individuals in work which gives them challenge to increase their skills, get critical awareness, as well as contribute to opportunities which are essential for creating change of the community (Dairaghi, Bronwyn, Ravelli, & Ledford 2010). Developing Skill involves the procedure of increasing the youth skills in order that they are familiar with how to make decisions effectively, interact positively with their peers, and play active roles in national development. In critical awareness, youths are provided with the necessary resources and information for analysis of issues which affect their environments and lives and strategize on ways to perform as agents of change within their communities. Participating in opportunities involves offering youth with decision-making platforms as well as encouraging their active involvement in creating change in the community and engagement in development.

This theory was established to talk to a need for research that is evidence-based on empowerment of youth, plus to indicate how the youth empowerment theory may be transformed into practice (Decuyper, 2013). The theory is pertinent to this research because it provides the procuring bodies, governments, as well as additional stakeholders with a big understanding of the challenges that are faced by businesses that are owned by youth which give limitation to them from taking part in public procurement and provides techniques to tackle these challenges and encourage increased activity of entrepreneurship by youth owned businesses through skills development awareness creation and provision of opportunities. Economic growth that is inclusive has demonstrated to be a requirement to attaining development objectives. World Economic Forum's Report (WEFR) (2012), concurs with the observation, indicating a positive relationship between empowerment of youth, human development and GDP per capita.

The Kenya Government is dedicated to empower the youth by being in the front position in advocating for the youth access to contracts of the Government. The initiative has been confirmed by the Presidential Directive on Youth Access to opportunities of Government Procurement (PPOA, 2013). According to PPOA, (2013) pursuant to the Regulation of the Public Procurement Preference and Reservations (Amendment) Regulation, 2013,

there is the National Sensitization and Recruitment Drive on Youth Access to thirty percent of all opportunities of Government Procurement.

However, according to Youth Empowerment Solution (YES), (2013), a youth empowerment agency and a critique of this theory argues that the theory is deficient as it does not provide a way of measuring the effectiveness, and accountability of youth empowerment programmes.

2.3 Review of Empirical Literature

Unemployment has turn into an enormous challenge for the nation and the problem's magnitude particularly big amongst the youth. The general rate of unemployment for the youth is twice the average of the adult, at approximately twenty one percent. Information on unemployment proposes that the unemployment problem magnitude is bigger for youth with thirty eight percent of the youth neither at work nor school totaling the inactivity and unemployment rates (R.o.K, 2005).

Mota, & Filho (2011) reported that women are the rural economies backbone in Kenya as well as in Africa all together. The researcher noted that women play a vital role in guaranteeing wellbeing of their families. For Kenya fight poverty, the women necessitate to be accepted as well as given support via finances such as Uwezo and capacity building and training provision in business areas that are functional with the eventual objective of promoting the women's' economic as well as social status, as they make up a susceptible social category which is vital in endeavors of sustainable development.

Fanuel (2001) noted that imbalanced opportunities of procurement between men and women persist to hinder ability of women to raise themselves from poverty as well as get other options to advance their lives. A study conducted by Ongori, (2009) indicate that, in spite of disparities which persist in the way unpaid and paid work is divided between men and women, women remain the only caregivers in spite of inadequate access to available resources. Actually empowerment of women in public procurement is an issue of advancing human rights of women (Otunga et al., 2011).

According to R.o.K (2013) youth have the capability to speed up productivity development, although when left idle, can signify a threat to social stability and within

the longer term a threat to the country's economy development. Gatere, (2014) reported that making sure that youths are incorporated successfully into the economy via procurement will advance competitiveness of Kenya, decrease poverty, increase household incomes, and create an investment as well as a growth circle. It has been noted that unemployment has turn into an enormous challenge for the nation and the problem magnitude particularly big amongst the youth. The largely rate of unemployment for the youth is twice the average of the adult, at approximately twenty one percent. R.o.K, (2005). R.o.K, (2005) stated that the unemployment problem magnitude is bigger for youth with thirty eight percent of the youth neither at work nor in school totaling the inactivity and unemployment rates.

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Basing on the reviewed literature, it's obvious that there are insufficient studies on the factors affecting youths, women and PWDs participation in public procurement in Kenya and specifically in tertiary institutions in Nyeri County. Gitari and Kabare (2014) analyzed the factors affecting access to procurement opportunities in public secondary

schools by small and medium enterprises in Kenya. However, he did not address the factors affecting the implementation of Youth, women & persons with disabilities in public procurement.

Researchers such as Kamau et al. (2014), Wambui (2014), Muraguri (2013) and Muthoni (2012) have dwelt on youths a lot leaving out women and PWDs on accessing government procurement opportunities. As per the regulations of 2013 for preference and reservation, 30% of procurement opportunities are reserved for all Youth, women & persons with disabilities that is youths, women and PWDs and not only youths. The reason for the Kenyan Government to come up with AGPO programme was to involve all Youth, women & persons with disabilities in public procurement opportunities as a whole. Hence this gap has to be field by evaluating all the Youth, women & persons with disabilities without favor or discrimination of one group.

In Kenya, Article (100) of the constitution of Kenya refer to marginalized groups which is further elaborated in the two- third gender rule laws (amendment) bill, 2015 to include youth, persons with disabilities, ethnic, women and additional marginalized communities and minorities. These special groups In Kenya make up more than 85 percent of the whole population and yet they contribute to below 10 percent of public procurement participation therefore hindering vision 2030 achievement as well as economic growth (Transparency international, 2013). According to Brinkerhoff, (2004) majority of the cited problems by the special groups includes lack of access to credit, capacity building, poor information, inhibitive legal regulatory framework and inadequate skills.

To encourage participation of these special groups 30% of government procurement opportunities were reserved to assist the special interest groups who were in business but did not have the capacity to compete for government tenders with other established suppliers (PPADA, 2015). As noted by many scholars the uptake of these opportunities by youths, woman and PWDs is slow than anticipated. However, the outcome of implementation of the thirty percent government procurement preference for women, persons with disabilities and youth (AGPO) has made an important contribution to country's GDP of not less than fifteen percent annually (R.o.K 2015).

Article 55 (b) of the Kenyan constitution requires the state to take measures that will provide for affirmative action in programmes that will give the youth opportunities to participate in economic development. The sector of micro and small enterprises (MSEs) plays an essential role in creating wealth, innovation, economic growth as well as employment in developing and industrialized countries (Robson and Bennett, 2009). SMEs are the engines for growth of job within the economy of the world, accounting for nearly 80% of jobs internationally and investing in youth-owned businesses pays dividends in terms of creating jobs and development (Thanga & Kwasira, 2015).

According to Inter Trade Ireland (2009) micro and small enterprises frequently aren't well-up to date with procedures and language of public procurement, and might face more troubles as compared to bigger organizations when searching for pertinent opportunities as well as drawing up tenders. The Inter Trade Ireland report in 2009 is in agreement with this findings, reporting that purchasers have established that micro and small enterprises fail less on issues of compliance and are more probable to be unsuccessful in opportunities of procurement because of failure to write tenders that are "intelligent". This report as well revealed that lots of companies might consider tendering for public work if they were given support in enhancing their resources, skills as well as knowledge.

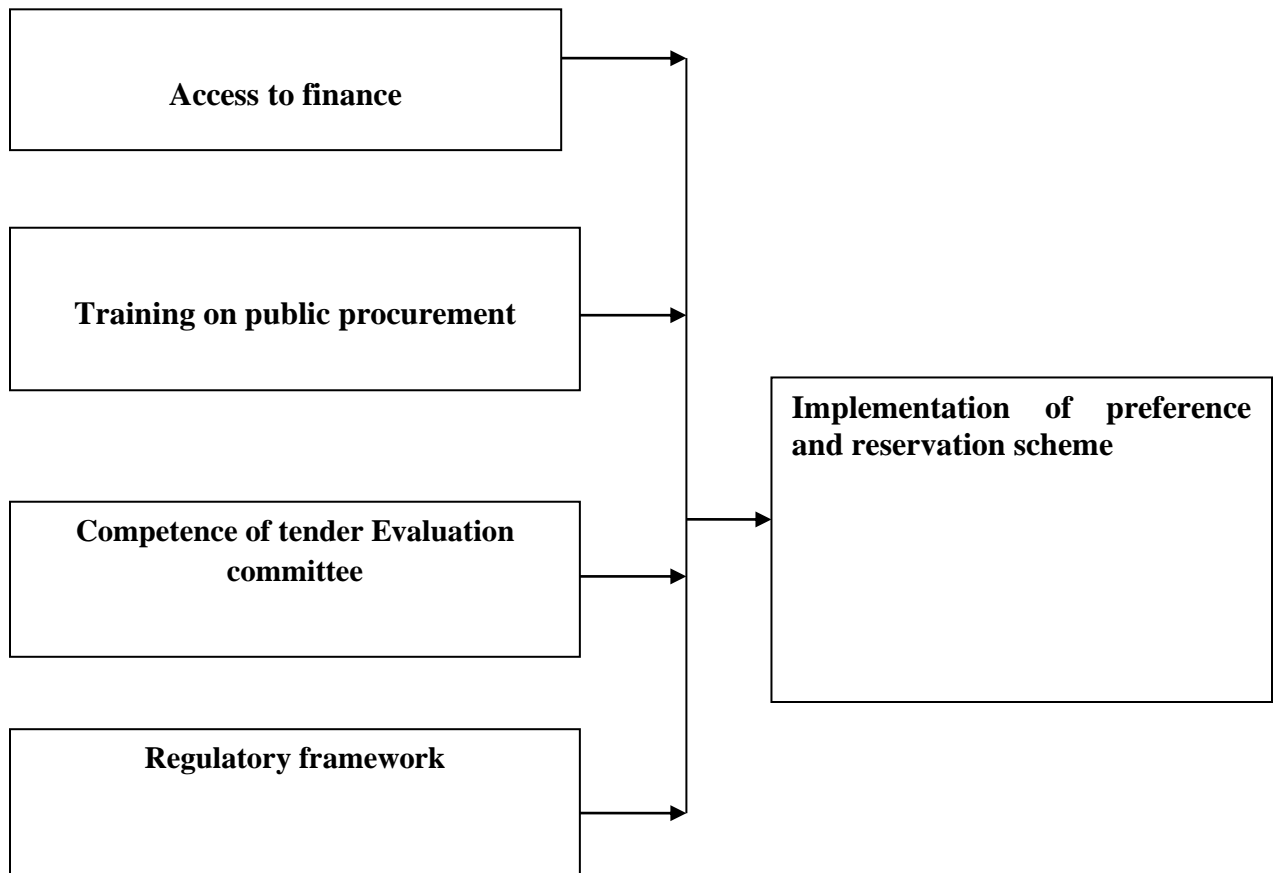
Removing barriers faced by business owned by youths, women and PWDs and capacity building is an essential step in enhancing uptake, nevertheless, their exclusion is improbable to increase substantially involvement by businesses owned by women unless additional steps are taken to encourage entrepreneurial activity, the governments ought to develop affirmative procedures, programmes and policies particularly for businesses owned by women (PPOA, 2009).

To allow special groups in responding to lots of industrial development challenges has been necessitated by implementation of new programs, regulations and requirements which calls for new orientation as well as new expertise for improved performance, this requires continuous acquisition of knowledge, skills, attitudes and behaviors to take up the available procurement opportunities (Gakure, 2011).

Despite the government support by reducing several documentation requirement, financial support through Uwezo, Youth Funds and the introduction of e-procurement to motivate youth, women & persons with disabilities to participate in public procurement there are still significant challenges that need to be tackled and this study intends to assess the major challenges affecting implementation of preference and reservation scheme in public procurement.

2.4 Conceptual Framework

According to Kothari, (2004) a conceptual framework investigates the associations between dependent and independent variables. An independent variable refers to the supposed cause of changes within the dependent variable.



Independent Variables

Dependent Variable

Figure 2.1: Conceptual Framework

2.4.1 Operational framework

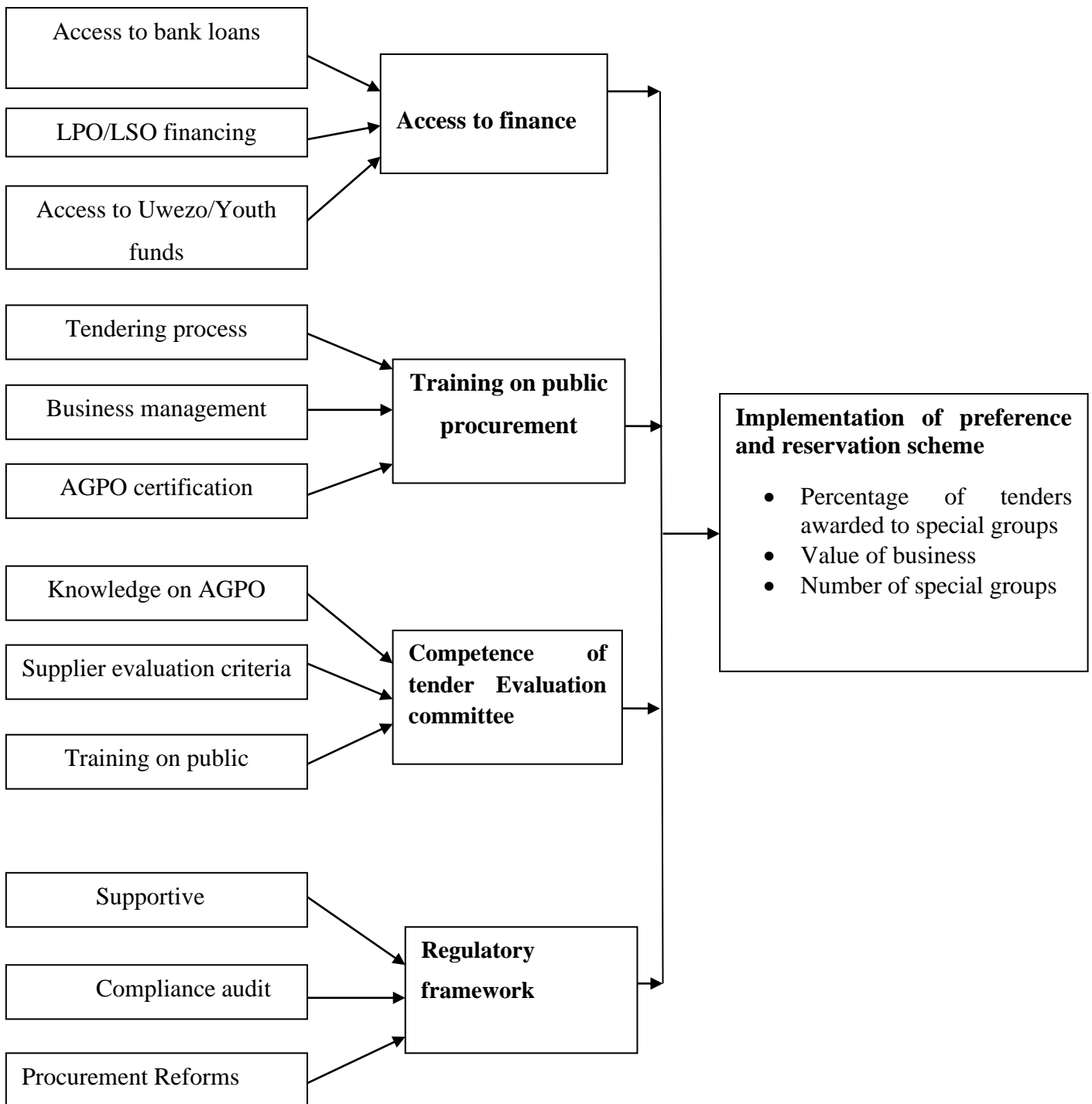


Figure 2.2: Operational Framework

2.4.1 Access to Finance

Shusman and Narain, (2007), argue that small firms and low income individuals often lack credit histories or information on their financial operations. Asymmetries of information and the risk of moral hazard and adverse selection arising from it, reduces incentive to lend to such clients. To secure 'risky' loans, lenders often demand collateral such as land or property that many borrowers lack. This makes the lenders reluctant to lend to small borrowers or to charge them exorbitantly high interest rates or grant them short term loans that may not meet their needs. Most youths, women and PWDs belong to the category of low income making it difficult to secure business loans.

As such, the government of Kenya has had an uphill duty for groups of women and youth to play in the big-ticket public procurement leagues as they might not have the financial means (Owino, 2013). Luckily, there are financial tools host being offered by a variety of organizations, including local purchase order (LPO/LSO) financing as well as discounting of the invoice. There is as well the youth and women enterprise fund and Uwezo Fund (Owino, 2013). The problem with supplying the government is that, since the needed quantities are frequently extremely large, the requirement of capital may be high. One of the advantages of getting a contract of the government is that an individual will be paid. However, the disadvantage is that it might take a while (Polo, 2008).

According to Hisrich, et al, (2005) financing SMEs needs creativity. Namusonge, (2006) stated that the role of capital has been seen as an important element for small and medium-sized enterprises development. Kimando & Sagwa, (2012) reported that smaller enterprises face higher costs of transaction as compared to larger enterprises in attaining credit. Improvement of access as well as building comprehensive financial systems is an objective which is appropriate to economies at all development levels. The sector of Micro and Small Enterprise (MSE) has been projected to account for twenty percent of the overall output and more than twenty percent of the overall personnel within Africa (Kimando & Sagwa, 2012). According to Mwangi & Wanjau, (2012) the small enterprises have huge capability to create these much-required opportunities of employment for a youth population of the country. The researcher as well reported that better access challenge denotes making financial services accessible to everyone, thus

distributing opportunity equality as well as tapping the total potential within an economy. Oduol, et al, (2013) noted that promoting entrepreneurship and offering sources of sustainable as well as inclusive access to capital is an essential ingredient towards attaining this objective.

According to Kilonzo, (2012) empirical research proposes that access to capital improve the firm's performance in terms of employment as well as income generation. Therefore, provision of financial capital might be a significant forecaster of the successful SMEs implementation (Kilonzo, 2012). Access to capital is one of the principal challenges facing youth in trying to expand their business or raise their employability because they have been termed as risky when it comes to repayments of loan (Okwany, 2010).

It has been noted that young entrepreneurs face major challenges as well as constraints in accessing financial support for their business enterprises. They consist of lack of securities and credibility (for debt financing), lack of resources and personal savings, stern credit-scoring regulations and methodologies, lack of skills and business experience (for debt financing), long waiting periods, complex documentation procedures, lack of understanding, knowledge, awareness of start-up financing possibilities, adverse characteristics of the firm and industry and legal form/status of enterprise (Chigunta, 2012).

Saving finance for start-up is as well frequently emphasized as being difficult chiefly for young people to attain owing to their comparatively lower securities, for example collateral or guarantees, adequate credit history and lack of credibility because of inadequate experience as compared to 'older' entrepreneurs (WB, 2008). Frequently youth obtain access to capital via a range of informal sources, for instance friends, family, informal money lenders and selling labour.

2.4.2 Training

Training is developing in oneself and others any knowledge and skills which involve precise helpful competencies. Therefore; training enhances ones capacity, performance as well as capability. Training on AGPO will help equip special group's adequate

knowledge and skills and also keep them updated of current trends in public procurement (Hui, 2011)

According to Gakure (2011), training is an activity of learning, which is focused towards specific skills and knowledge acquisition for the reason of a profession. Training aims at the task of job. It may be both informal and formal and is generally conducted to help an individual better understand as well as perform her/his job. Business environment of today may be described as changing. The rising foreign competition, accelerated advances pace in technology, diminishing supplies of resources, growing and widespread unemployment creating serious adjustment problems have affected the manner in which business is carried out. This unstable and complex environment is a way of life that will carry on far into the future (Buckley, 2009).

In a study Talal (2014) to assess the systemic constraints to access to the market focusing on youth and the process of procurement revealed that the technical capacity of the youth was a significant challenge since the 8-4-4 system of education which was designed focused towards imparting suitable skills to improve self-employment was ineffective. The training institutions of the country weren't only insufficient but also lack the necessary technology and facilities to prepare students for the market of challenging business.

Rasmussen and Sorheim (2006) dispute that training on entrepreneurship has conventionally aimed at teaching individuals, although lots of plans are becoming increasingly more action-oriented, highlighting learning by doing. The cases indicate that education on entrepreneurship aims less on teaching individuals within a classroom setting and more on learning-by-doing activities in a network context as well as group setting. Since precedent study findings have constantly revealed training on SME to result in better performance of the company (Mullei, 2009). It's anticipated that AGPO-related training programs implementation will bring about higher uptake of procurement opportunities by the disadvantaged groups.

Access to Government Procurement Opportunities is a program aimed at allowing the persons with disabilities, women and youths access to thirty percent of all Kenyan

government opportunities of procurement. It's an affirmative action program focused on empowering youth, persons with disabilities and women by providing them with additional opportunities to carry out business with the Government (R.o.K, 2013). The opportunities are available only to business that are legally registered in the form of a, partnership, registered company or sole-proprietorship. For both the registered company as well as the partnership, the ownership in form of shares owned or capital invested must be a minimum of seventy percent for the youth, persons with disability or women and the business must be hundred percent led by youth, persons with disability or women (R.o.K 2011). Requirements for registration for AGPO one requires to register a business name, Pin Number, acquisition of tax compliance certificate after which an AGPO certificate. This AGPO certificate will serve to identify the individual as a youth, woman or person with disability.

2.4.3 Tender Evaluation Committees Knowledge on AGPO

Tender evaluation committees are established in accordance with section 46 of PPADA 2015 and should be comprised of members of staff, with the relevant expertise; where technical expertise is needed from outside the organization; this expertise can be gotten from other procured or procuring entities (PPADA, 2015). A committee of evaluation founded under section 46 (1), deal with the financial and technical procurement aspects and the process negotiation including proposals for prequalification, bids evaluation, lists of registration, Interest expression plus any other roles allocated to it and will assume a process which shall guarantee the process of evaluation used adheres to 227 (1) and Articles 201(d) of the Constitution which provides that public money shall be utilized in a careful manner and shall do so in conformity with a system which is equitable, fair, competitive, cost effective and transparent.

Ngugi and Mugo (2007) examined the evaluation committee impact on public sectors operation as well as effectiveness in Kenya and concluded that it's necessary that tender evaluation should be carried out by competent and qualified personnel with high ethical and professional standards plus utilizing procedures that are sound anchored in suitable regulations and policies.

The procurement quality as well as procurement associated personnel influences the process of procurement efficiency and the compliance degree to the procurement regulations, policies and laws (Thai, 2011). Professionalism in public procurement associates not only to the personnel education level as well as qualifications but as well to the professional approach in the business activities conduct (Raymond, 2008). If the personnel aren't educated adequately in matters of procurement, severe consequences including codes of conduct breaches happen.

So as to effectively perform their work, nevertheless, professionals of procurement must to be equipped well with several competencies and skills. The professionals require being equipped with methods and techniques of procurement plus skills of process management which are relevant to their job. Literature on procurement reveals that core techniques and methods of procurement needed by professionals of procurement include; analysis of price, negotiation skills, procurement cycles and analysis of cost (Jensen and Stone, 2004).

It has been noted that public purchasers will conform to the rules if they perceive them as clear. It has well been reported that the simple fact that the public agency management recognizable with the rules essence would function as an incentive of an organization to conform (Gelderman et al., 2012). Training as well as educating committees and public purchasers will be an efficient instrument for raising the conformity with the directives of AGPO (Gelderman et al., 2012). Studies have shown that lack of familiarity with rules of procurement leads into poor levels compliance (Eyaa and Oluka, 2011). Additional researches from other investigators have as well revealed that high non-compliance levels are attributable partly to insufficient law knowledge.

2.4.4 Regulatory Framework

The Kenyan Public Procurement System has grown from a system that is crude with no regulations into a lawfully regulated system of procurement along the lines of global standards (PPOA, 2006). Kenya has assumed efforts to modernize as well as reform its system of Public Procurement. The evolution was via a system which was regulated by Treasury Circulars in the 1970s, 1980s as well as 1990s and further to a lawfully orderly regulated system of procurement ever since March, 2001 under the regulations of

Exchequer and Audit (Public Procurement). As a result of the implementation of this reform agenda, Public Procurement and Disposal Act (PPDA) was approved in 2005 by the parliament. The PPDA in 2007 came into force and set up the Public Procurement Oversight Authority (PPOA) as regulatory body for oversight as well as development of the Public Procurement System in Kenya (Nyathore, 2013).

Public procurement in Kenya is governed by many other legislations like Supplies Practitioners Management Act (2007), Public Procurement and Disposal Regulations (2006), Public Procurement and Disposal (Public Private Partnerships) Regulations (2009), Constitution of Kenya (2010), Public Procurement and Disposal (Preference & Reservations) Regulations 2011, Public Private Partnerships Act (2012), Public Procurement and Disposal (County Government) Regulations, of 13th April, 2013 (Nyathore, 2013) and most recently PPADA (2015). Most of these legislations are in support of the disadvantaged groups, under which youth, women and PWDs fall.

One of the objectives of the PPADA (2015) is to aid the local industry promotion through preference and reservation scheme special groups. This is in line with Article 227 of the Kenyan constitution of 2010 which reservation and protection of groups that are disadvantaged in public procurement opportunities. Procurement and Disposal (Preference and Reservations) Regulations, 2011 defines a target group as selected tenderers identified by the government to profit from the schemes of preference as well as reservations. Public Procurement and Disposal Preference and Reservations Amendment Regulations, 2013 and PPADA 2015 reserved 30% of government tenders for the women, persons with disabilities and youths. Under the same regulations, the target groups have also been exempted from paying tender securities for government tenders (GoK, 2013). These legislations have contributed greatly to the youth uptake of government tenders as most of the youth entrepreneurs now find the government a better entity to trade with.

Mixed views about the enforcement effect on compliance exist where a number of researchers for instance Sparrow, (2010) have doubts on the direct enforcement effect on compliance. Sparrow, (2010) dispute that enforcement might make violators more complicated in how to avert, as well as conceal detection by the relevant authorities.

Nevertheless, numerous researchers concur that enforcement enhances compliance (Gunningham et al., 2011). It has been noted that increased penalties as well as action of enforcement bring about greater compliance levels with laws (Zubic and Sims, 2011).

2.5 Review of Critical Literature

The World Bank's evaluation of procurement in the public in developing countries in the year 2013 made a conclusion that the procurement process implementation is far from agreeable, because of short bidding periods, poor advertisement, nondisclosure of selection criteria, poor specifications, rebidding and negotiations with no sufficient grounds, corruption occurrence involving evaluation teams. The finding that is interesting is that procurement process happens to be one of the profitable areas where corruption is beyond nature, thus, the public administration quality ought to be improved as well as accountable, which is an essential part of good governance (WB, 2013).

Studies has shown that procurement employees in lots of procuring bodies suffer from overall lack of information regarding the procurement legal principles, frame- work processes as well as procedures (PPOA, 2007; Kenya Institute of Supplies Management (KISM, 2008). Since the profession of procurement is still a promising field in Kenya, with the regulations having come into force in the year 2007, it's potential that the awareness level with the regulations is still very low. It's important noting that the uncertainty within the procedures of public procurement might offer a chance for doubtful acts including discriminate selection of the supplier and opaque tendering which might develop into poor levels of compliance.

Additional researches have as well revealed that lack of awareness of the procedure of procurement by every internal stake holder might have an effect on compliance. Officers involved in procurement ought to be given training as well as made aware of all regulations concerning procurement plus procedures that are related to it (Hui *et al.*, 2011). In promoting the system of public procurement capacity, PPOA has started a series of training programmes or procurement sensitization all through the nation focused to restructure activities of the procurement in the nation as well as to familiarize the trainees with problem areas in procurement and likely resolutions. Such programmes are

intended to create awareness as well as build up procurement expertise in employees of procuring bodies in Kenya (PPOA, 2012)

Puddephatt and Kaspar, (2012) in their journal, *Benefits of Transparency in Public Procurement for SMEs* acknowledges that lots of barriers that SMEs face in public procurement are linked to the lack of transparency within the process of procurement. The researchers as well reported that this barrier evident itself in form of ambiguous processes of decision-making and tenders, and is boosted by a corruption culture – normally with weak mechanisms of accountability as well as lack of inspection over public funds allocation. Honesty needs the process of purchasing to be carried out honestly, ethically as well as with fairness to every participant.

Practices that are unethical in public procurement, lack of accountability and transparency, non-enforcement of law, erosion or breakdown of norms and values, weak systems of management, practices and procedures, greed and discretionary abuse and power and lack of professional integrity are major impediments for an open, fair, transparent and effective public procurement in Kenya (PPOA, 2007).

2.6 Summary of Literature Review

The following groups are considered marginalized by World Conference on Youth (2014): indigenous youth, young people with disabilities, youth from rural communities/young farmers, marginalized ethnic and cultural groups, young people from conflict affected areas, migrants and refugees, young people from low social as well as economic backgrounds. In Kenya, Article (100) of the constitution of Kenya refer to marginalized groups which is further elaborated in the two- third gender rule laws (amendment) bill, 2015 to include youth, persons with disabilities, women, ethnic and other minorities as well as marginalized communities. This implies that marginalized communities and special interest groups in Kenya are one and the same. Youth in Kenya defined as those between 18 - 35 years old number around 11.99 million, and account for about 31% of the population (KNBS, 2010). A National Survey on Persons with Disabilities revealed that 4.6 percent of the population of Kenya experience some form of disability, with physical impairments and visual being the most often (Blome, & Schoenherr, 2011). R.o.K, (2013) noted that lack of entrepreneurial as well as

employable skills, are some of the most critical problems that communities of persons with disability as well as society face and as a result these individuals are usually barred from public procurement thus hindering their general economic independence.

AGPO is a program focused on allowing the people with disabilities, women and youth access to thirty percent of all Kenyan government opportunities of procurement. It's an affirmative action program geared towards empowering youth, persons with disabilities and women by providing them with additional opportunities to conduct business with Government (R.o.K, 2013). The opportunities are available only to businesses that are registered legally in the form of a partnership, registered company or sole-proprietorship. For both the registered company as well as the partnership, the ownership in form of shares owned or capital invested must be a minimum of 70 percent for the youth, persons with disability or women and the business must be 100 percent led by youth, persons with disability or women.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

Methodology is defined as the ways of gathering, organizing as well as analyzing data (Polit and Hungler, 2003). This section covers, research design, target population, method of sampling, data collection procedures, pilot study, data analysis methods, as well as ethical issues.

3.2 Research Design

Descriptive survey is conducted to describe the regarding the present phenomenon status with regard to conditions or variables in a circumstances (Baumgartner, 2002). According to Kothari (2004), descriptive survey design is useful in obtaining information and the descriptive research design main purpose is situation description as it exists at present. This technique is as well appropriate for analysis of both quantitative as well as qualitative data to talk to the problem. This research engaged the target population to assess the challenges affecting implementation of preference and reservation scheme for special groups in public procurement.

3.3 Target Population

According to Sekaran (2013), population is described as a whole group of events, things or individuals of interest for which the study needs to make conclusions. The target population comprised of public tertiary institutions within Nyeri County finding it a challenge to achieve the 30% threshold of allocation of procurement opportunities to disadvantaged groups. They included, The Nyeri National Polytechnic, Mathenge Technical Training College, Kamwenja Teachers Training College and Kagumo Teachers Training College. The target population comprised staff working in the procurement function, finance department, AGPO registered suppliers, and prequalified AGPO tenderers in respective institutions.

Table 3.1: Target Population

Strata	Tertiary institution				Total
	The Nyeri N. Polytechnic	Kamwenja T.T.C	Kagumo T.T.C	Mathenge T.T.I	
Procurement department	5	2	2	2	11
Finance department	5	4	4	2	15
AGPO Suppliers	15	12	10	14	51
Pre-qualified registered suppliers	AGPO 20	15	17	18	70
Total	45	33	33	36	147

3.4 Sampling Frame

A sampling frame have been reported to facilitate a sampling unit formation which refers to lone member of a set of entities being examined that is the random variable material source (Klaus & Oscar, 2008; Bailey, 2008). Given the size of the target population (147), the research assumed a census approach where the whole population was included. This was because the target population was small and manageable. According to Mugenda and Mugenda (2009) a census is recommended when the target population is small.

3.5 Data Collection

An introductory letter was obtained from the University and presented to the target respondent's management for authorization to gather data. Questionnaires were issued to the all the target respondents and picked after five working days to allow respondents sufficient time to dully fill them.

3.6 Data Collection Instrument

The study used a questionnaire which captured a range of variables under research. Questionnaire is a data collection technique in which every individual is questioned to respond to similar set of questions in a prearranged order (Sekaran, 2006). The questionnaire had a five likert scale where 5= Strongly Agree, 4=Agree, 3=Neutral 2= Disagree; 1=Strongly Disagree. The obtained information from questionnaires is free from bias as well as influence of the researchers (Kothari, 2008). Drop and pick method was used as the strategy of data collection. Follow ups were done to encourage a high response rate.

3.7 Pilot Study

The pilot study result to the weaknesses if any in the questionnaire plus permits the study to evaluate the questions reliability and validity of data which will be gathered (Kothari, 2004) Pre-testing of the instrument was undertaken prior to the main research. A pilot study was done in Michuki Technical Training Institute with 10 respondents to ascertain the appropriateness of the questions to enable refining the research instrument for clarity.

3.7.1 Reliability of Research Instruments

According to Ng'ang'a, Kosgei & Gathuthi, (2008) reliability of data is the extent to which an instrument of research yields constant data or results following repetitive trials. A pilot study was done in Michuki Technical Training Institute with 10 respondents to ascertain the appropriateness of the questions to enable refining the research instrument for clarity. Cronbach's alpha coefficient was utilized to measure reliability of the instruments. Alpha values of 0.7 and over were considered to show that the instrument was reliable.

3.7.2 Research Instruments Validity

Bryman, (2008) noted that validity refers to whether a questionnaire used in study is measuring whatever it claims to measure. In order to guarantee satisfied validity, the questionnaire were subjected to detailed assessment by two independent resource individuals who are specialists in procurement. An instrument's validity is enhanced via expert verdict (Mugenda and Mugenda, 2003).

3.8 Data Analysis and presentation

Analysis of data refers to the process of bringing structure, order as well as meaning to the collected group of information (Mugenda and Mugenda, 2003). This process involved organization of data in a pattern that is meaningful, coding, editing as well as thematic presentations. The collected data was checked thoroughly and carefully to make sure that only accurate, relevant and complete data was coded. This was attained by counter-checking all the documented responses from the instruments so as to detect and eliminate any inconsistencies and irrelevances in the documented responses. The responses were further edited to get rid of incomplete contents as well as errors. All precise matters originating from instruments of data collection were grouped as well as classified in line with their relationships categories according to the objectives of the study and questions of research.

Quantitative and qualitative approaches were used for analysis of data. Descriptive statistics for instance frequency distribution, standard deviation and mean were utilized to analyze the primary data for descriptive statistics computation which was analyzed with the help of Statistical Package for Social Sciences (SPSS) version 22.0 and presented in form of mean, frequencies, standard deviation and percentages by use tables.

Inferential statistics in form of Analysis of Variance (ANOVA) and Pearson correlation coefficient was utilized to evaluate the association between variables. This research utilized a 95% significance level. Analysis of Multi linear regression utilized to test the associations between dependent and independent variable. The study adopted the following multi linear regression equation

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

Where Y= Implementation of preference and reservation scheme in public procurement

β_0 = Intercept

X_1 = Access to finance

X_2 = Training

X_3 = tender evaluation committee competence

X_4 = Regulatory framework

$\beta_1, \beta_2, \beta_3, \beta_4$ = Coefficients

e = error term

3.9 Ethical Issues

Researchers ought to consider their conduct by paying consideration to the ethical issues linked to conducting their study (Kombo and Tromp, 2006). Confidentiality and the respondent's right of privacy were highly maintained throughout the study process. Introductory letter from the university was utilized to assure respondents the research was only for purposes of academic.

CHAPTER FOUR FINDINGS AND DISCUSSION

4.1 Introduction

This chapter contains data analysis, interpretation and presentation of findings. The broad objective of the study was to assess the challenges affecting the implementation of preference and reservation scheme to special groups in tertiary institutions. Questionnaires were used to collect data from the respondents. Data was coded, analyzed and the results obtained using descriptive and inferential statistics guided by the research objectives and research questions. The findings were presented in form of frequency tables and their implications explained. Bivariate and multiple regression analysis was used to determine the extent of the relationship between the dependent and independent variables.

4.2 Response Rate

The study involved 147 questionnaires of which 132 responses were received giving a response rate of 89.8% of the target sample as shown in Table 4.1 below.

Table 4.1: Results for Response Rate

	Targeted	Returned
Numbers	147	132
Percentage (%)	100	89.8%

4.3 Results of Pilot Study

A pilot study was done in Michuki Technical Training Institute with 10 respondents to ascertain the appropriateness of the questions to enable refining the research instrument for clarity. Cronbach's alpha coefficient was used to measure instruments reliability. An Alpha values of 0.7 and above was considered to indicate that the instrument is reliable. Pilot test of this study gave the alpha values of all variables which were above 0.70 as shown in Table 4.2.

Table 4.2: Results of Pilot Study

Variables	Number of items	Cronbach's Alpha value
Implementation of preference and reservation scheme	3	.772
Access to finance by special groups	5	.805
Training of special groups	4	.847
Tender evaluation committees competence	4	.789
Regulatory framework	4	.814

This indicated strong internal consistency among measures of variable items. This implied that the data collection instrument was therefore reliable and acceptable for the purposes of the study.

4.4 Demographic Characteristics

The background information of respondents was deemed necessary because the ability of the respondents to give satisfactory information on the study variables greatly depended on their work experience and level of involvement in tendering process.

4.4.1 Category of the Respondents

The study sought to establish the category of the respondents

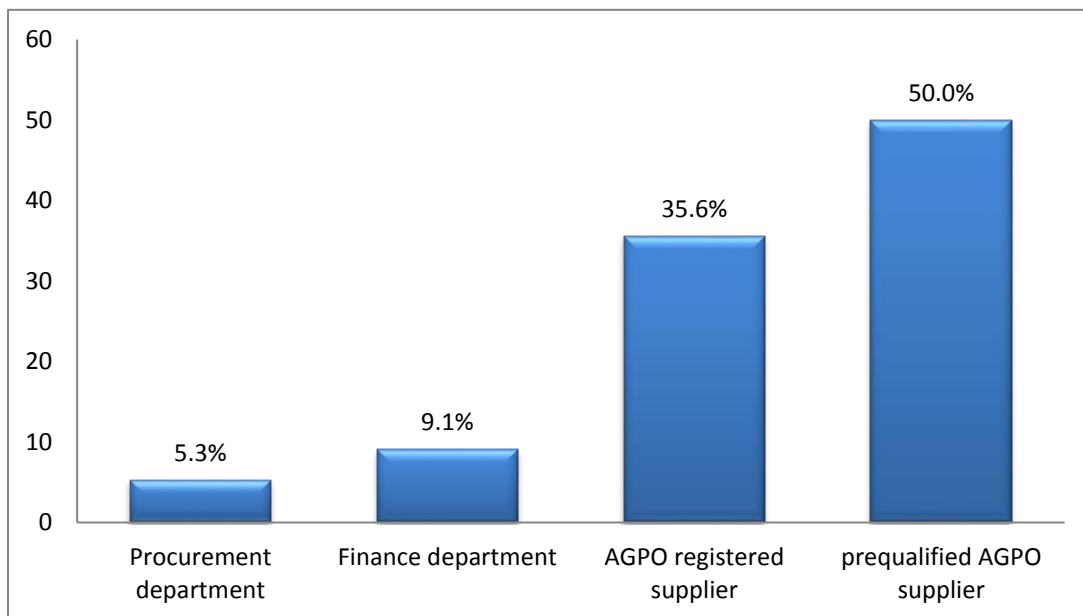


Figure 4.1: Category of the Respondents

Figure 4.1 presents the findings on the category of the respondents working in tertiary institutions. A high percentage (85.6%) of the respondents were the registered and prequalified AGPO suppliers. 5.3% and 9.1% of the respondents work in procurement and finance department respectively. The indication was that all the respondents are involved in the procurement process.

4.4.2 Work Experience of the Respondents

The study sought to know the number of years worked by respective respondents and ascertain to what extent their responses could be relied upon in making conclusions for the study.

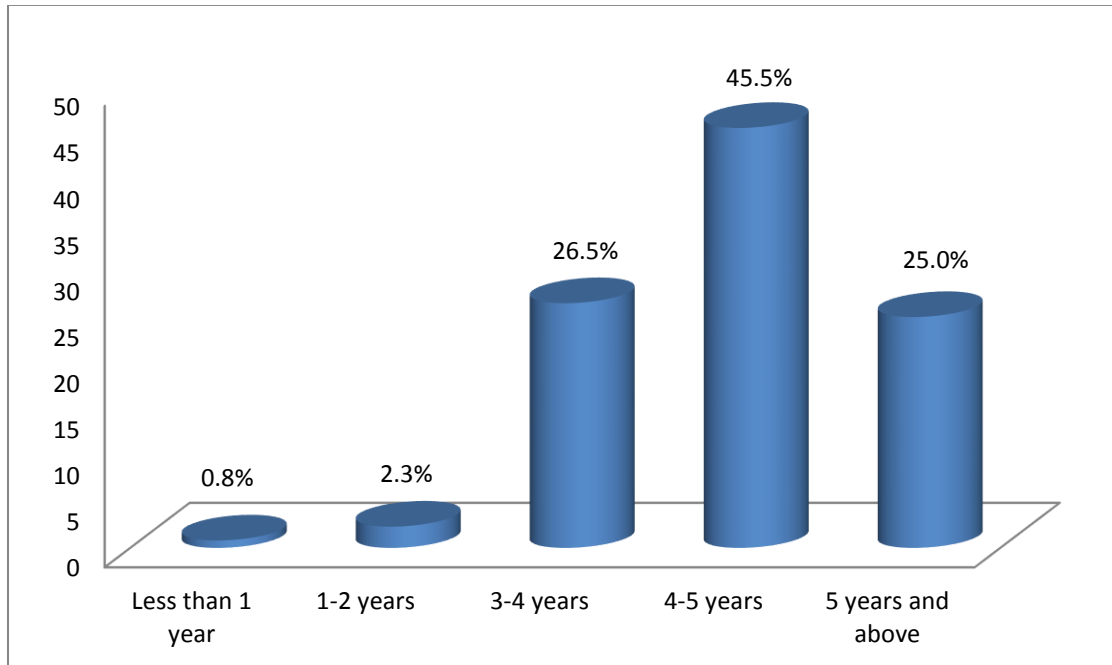


Figure 4.2: Results for Work Experience

Most respondents were equipped with the appropriate experience with 70.5% having worked in the organization for over 4 years. This indicated that the respondents are well versed with challenges affecting the implementation of preference and reservation scheme to special groups in tertiary institutions.

4.4.3 Respondent Involvement in Tendering Process

The study sought to establish for how long had the respondent been involved in the tendering process.

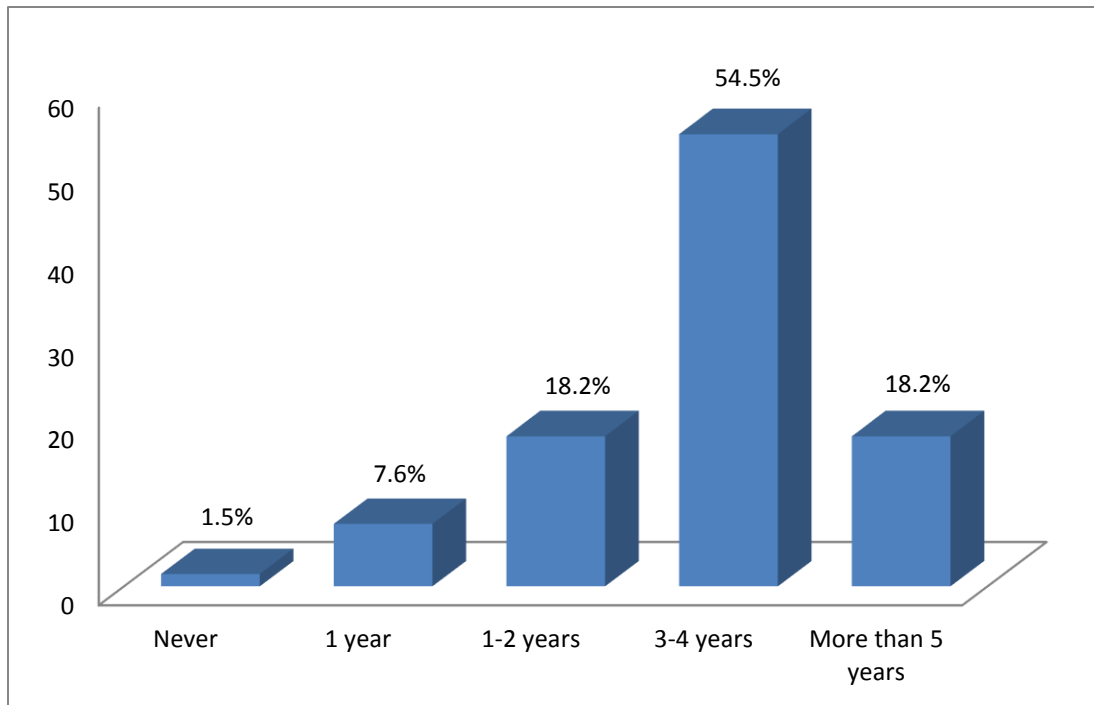


Figure 4.3: Respondent Involvement in Tendering Process

The finding indicates that majority of the respondents which accounted for 72.7% had been involved in the tendering process for more than three year. This is a clear indication that the respondents could be able to identify the challenges affecting the implementation of preference and reservation scheme to special groups in tertiary institutions.

4.5 Descriptive Analysis

The study carried out descriptive analysis for the dependent and the independent variables of the study. The results were discussed below:

4.5.1 Access to Finance by Special Groups

The first objective of the study sought to assess how access to finance by special groups affects the implementation of preference and reservation scheme in tertiary institutions.

Table 4.3: Access to Finance by Special Groups

Access to finance by special groups factors	N	Mean	Std. Error	Std. Dev
Access to finance is a major challenge slowing the uptake of 30% tenders reserved for Youths, Women and Persons with Disability (PWDs)	132	4.8939	.02690	.30909
Lack of collateral by special groups makes banks hesitant from extending loans to them to participate in public procurement	132	4.7121	.03956	.45450
LPO/LSO financing by banks is a hectic and lengthy process and special groups can't rely on it as a source of capital to honour LPO/LSOs issued by public entities	132	4.46212	.050906	.584864
Uwezo funds and Youth funds provided by the government to enhance the capacity women, Youths and PWDs are easily accessible	132	3.8485	.08225	.94493
Banks provide LPO/LSO financing to AGPO supplier in good time to facilitate timely supply of goods.	132	2.5455	.11799	1.35559
Valid N (list wise)	132			

As shown in Table 4.3, the findings revealed that access to finance is a major challenge slowing the uptake of 30% tenders reserved for Youths, Women and Persons with Disability (PWDs) with a mean score of 4.8939 and standard deviation of 0.30909. Lack of collateral by special groups makes financial institutions i.e. banks hesitant from extending loans to them to participate in public procurement. The study noted that it was evident that LPO/LSO financing by these financial institutions is a hectic and lengthy process and special groups can't rely on it as a source of capital to honor LPO/LSOs issued by public entities. From the analysis, findings showed that access of finance to special groups is a major challenge.

4.5.2 Training of Special Groups

The second objective of the study sought to evaluate how training of special groups affects implementation of preference and reservation scheme in tertiary institutions.

Table 4.4: Training of Special Groups

Training of special groups factors	N	Mean	Std. Error	Std. Dev
Inadequate training of youth, women and PWDs on AGPO and entrepreneurial skill is a major challenge affected the implementation of 'preference and reservation scheme	132	4.8258	.03802	.43679
Lack of skills on how public procurement system operates, as well as inadequate knowledge on how to apply for tenders by youth, women and PWDs affects the implementation of preference and reservation scheme	132	4.6439	.04944	.56801
Training on business management skills targeting special groups will enhance uptake of reserved opportunities	132	4.2879	.05942	.68272
The G.o.K and other stakeholders have rolled out programs to sensitize and build capacity for special groups to empower them and accelerate the uptake of 30% tenders reserved for them	132	4.0909	.04864	.55882
Valid N (list wise)	132			

Table 4.4 presents the analysis on the effect of training special groups on implementation of preference and reservation scheme. The findings indicated that inadequate training of youth, women and PWDs on AGPO and entrepreneurial skill is a major challenge affecting the implementation of preference and reservation scheme with a mean score of 4.8258 and standard deviation of 0.43679. The results revealed that lack of skills on how public procurement system operates, as well as inadequate knowledge on how to apply

for reserved opportunities by youth, women and PWDs affects the implementation of preference and reservation scheme.

4.5.3 Tender Evaluation Committees Competence

The third objective of the study sought to assess the effect tender evaluation committees' competence on implementation of preference and reservation scheme in tertiary institutions.

Table 4.5: Tender Evaluation Committees' Competence

Tender Evaluation Committees' Competence factors	N	Mean	Std. Error	Std. Dev
Lack of knowledge on public procurement process and the requirements for preference and reservation scheme by tender evaluation committees is a major challenge on implementation of the scheme	132	4.5227	.04364	.50139
Failure to induct evaluation team on public procurement and AGPO has negatively affected implementation of preference and reservation.	132	4.1473	.09280	1.05402
Complex supplier evaluation criteria requiring prove of prior experience, audited accounts acts as a barrier for small businesses owned by youths, women and PWDs to win tenders or to be prequalifies	132	3.9773	.07409	.85128
HODs regularly appointed to ad hoc tender evaluation committees possess great understanding of preference and reservation scheme for special groups	132	2.9318	.06380	.73301
Valid N (list wise)	132			

It was evident from Table 4.5 that lack of knowledge on public procurement process and the requirements for preference and reservation scheme by tender evaluation committees

is a major challenge on implementation of the preference and reservation scheme to special groups with a mean score of 4.5227 and standard deviation of 0.50139. The results denoted that failure to induct evaluation team on public procurement regulations on AGPO and the complex supplier evaluation criteria requiring prove of: prior experience, audited financial accounts, financial base and other requirements has negatively affected implementation of preference and reservation.

4.5.4 Regulatory Framework

The fourth objective of the study sought to assess how regulatory framework affects implementation of preference and reservation scheme in tertiary institutions.

Table 4.6: Descriptive Analysis for Regulatory Framework

Regulatory framework factors	N	Mean	Std. Error	Std. Dev
Failure to conduct Compliance audit leads to low implementation of preference and reservation scheme	132	4.5227	.04364	.50139
Public Procurement requires reforms to provide supportive regulatory framework which will establish an independent body that will facilitate continuous capacity developments of the disadvantages groups and establish mechanism to for regular compliance audit	132	4.2576	.05001	.57454
The current legal framework on AGPO program is vague and it becomes a challenge during implementation of the initiative	132	3.8154	.10744	1.22496
The current legislation on preference and reservation is too lenient and procuring entities implement them by choice and no penalties for non-compliance	132	3.4242	.05703	.65523

Valid N (listwise)	132			
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Table 4.6 revealed that failure to conduct compliance audit leads to low implementation of preference and reservation scheme with a mean score of 4.5227 and standard deviation of 0.50139. The study pointed out that that lack of a supportive regulatory framework which will establish an independent body that will facilitate continuous capacity developments of the disadvantages groups was a notable challenge. The study also pointed out the current legal framework on AGPO program is vague therefore presented a challenge in the implementation of the preference and reservation for the special groups.

4.5.5 Implementation of Preference and Reservation Scheme to Special Groups

The study sought to establish whether special groups are considered during tendering process and the level of uptake of the various projects reserved for them. Figure 4.4, shows that the percentage of the tenders reserved for special groups in the procurement budget was on the increasing trend in tertiary institutions. In addition, tenders awarded to special groups in the procurement budget was also on the increasing trend in tertiary institutions. The study also revealed that most special groups could not qualify the tenders.

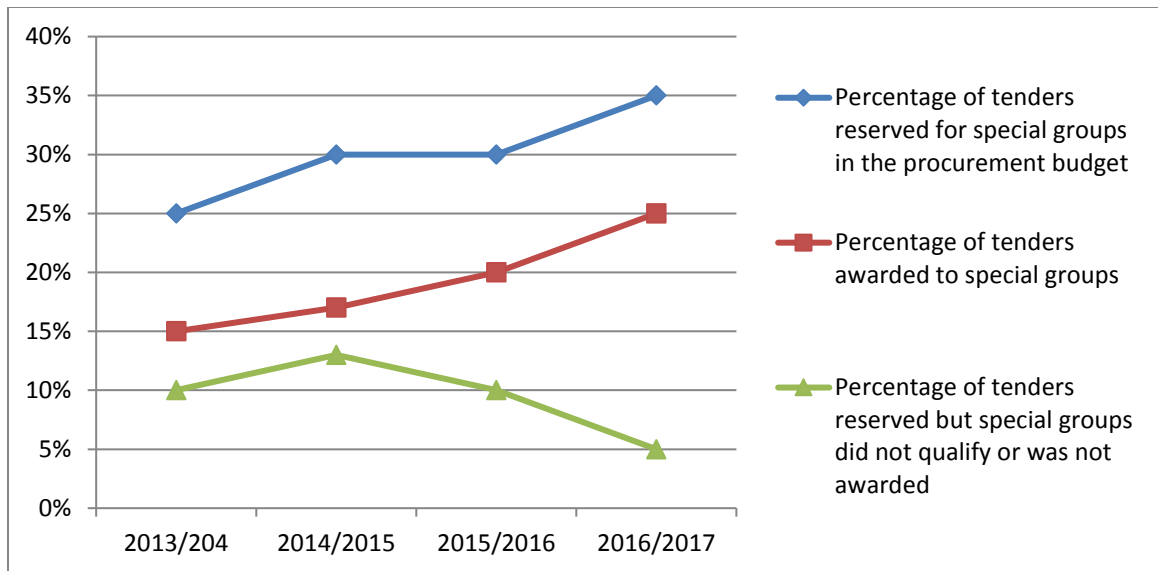


Figure 4.4: Implementation of Preference and Reservation to Special Groups

4.6 Regression Analysis

This section provides results and discussions of the findings from bivariate linear regression. The discussion was linked to the research objectives and research questions to establish the effect of each independent variable on dependent variable.

4.6.1 Influence of Access to Finance by Special Groups

The bivariate linear regression analysis results of access to finance by special groups on implementation of preference and reservation scheme in tertiary institutions were as shown in Table 4.7 to 4.9

Table 4.7: Access to Finance by Special Groups Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.432 ^a	.187	.181	1.08696
a. Predictors: (Constant), access to finance by special groups				

From the regression results in Table 4.7, the R value was 0.432 indicating that there is a relationship between access to finance by special groups on implementation of preference and reservation scheme in tertiary institutions. The R squared (R^2) value of 0.187 shows that 18.7 percent of the implementation of preference and reservation scheme is explained by access to finance by special groups all other factors held constant. The remaining 81.3 percent is explained by other factors.

Table 4.8: Access to Finance by Special Groups Model ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	35.339	1	35.339	29.911	.000 ^b
	Residual	153.592	130	1.181		
	Total	188.932	131			
a. Dependent Variable: implementation of preference and reservation scheme						
b. Predictors: (Constant), access to finance by special groups						

The model was significant with the F ratio = 29.911 at p value $0.000 < 0.05$. This is an indication that access to finance by special groups when considered singly has a significant effect on the implementation of preference and reservation scheme in tertiary institutions.

Table 4.9: Access to Finance by Special Groups Model Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.828	.324		5.644	.000
	access to finance by special groups	.449	.082	.432	5.469	.000
a. Dependent Variable: implementation of preference and reservation scheme						

Access to finance by special groups had positive and significant effect on implementation of preference and reservation scheme with $\beta = 0.449$ at p value 0.000 which is less than 0.05. From Table 4.9, the bivariate linear regression model equation fitted using unstandardized coefficients is; $Y = 1.828 + 0.449X_1 + e$

1.828 is the constant

X_1 is access to finance by special groups index

This means that access to finance by special groups positively and significantly influences the implementation of preference and reservation scheme. It also means that an increase of one unit of X_1 increases Y by 0.449. The indication was that access to finance by the special groups is a major factor that affects implementation of preference and reservation scheme. The study noted that young entrepreneurs face key constraints and challenges in accessing funding for their business ventures. These include lack of personal savings and resources, lack of securities and credibility (for debt financing), lack of business experience and skills (for debt financing), strict credit-scoring methodologies and regulations, complex documentation procedures, long waiting periods, lack of knowledge, understanding, awareness of start-up financing possibilities, unfavourable firm characteristics and industry and legal status/form of enterprise.

4.6.2 Influence of Training of Special Groups

The bivariate linear regression analysis results of training of special groups on implementation of preference and reservation scheme in tertiary institutions were as shown in Table 4.10 to 4.12

Table 4.10: Training of Special Groups Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.322 ^a	.104	.097	1.14122
a. Predictors: (Constant), training of special groups				

From the regression results in Table 4.10, the R value was 0.322 indicating that there is a relationship between training of special groups on implementation of preference and reservation scheme in tertiary institutions. The R squared (R^2) value of 0.104 shows that 10.4 percent of the implementation of preference and reservation scheme is explained by training of special groups all other factors held constant. The remaining 81.3 percent is explained by other factors.

Table 4.11: Training of Special Groups Model ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	19.621	1	19.621	15.065	.000 ^b
	Residual	169.311	130	1.302		
	Total	188.932	131			
a. Dependent Variable: implementation of preference and reservation scheme						
b. Predictors: (Constant), training of special groups						

The model was significant with the F ratio = 15.065 at p value $0.000 < 0.05$. This is an indication that training of special groups when considered singly has a significant effect on the implementation of preference and reservation scheme in tertiary institutions.

Table 4.12: Training of Special Groups Model ANOVA

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.586	.261		9.908	.000
Training of special groups	.288	.074	.322	3.881	.000

a. Dependent Variable: implementation of preference and reservation scheme

Training of special groups has positive and significant effect on implementation of preference and reservation scheme with $\beta = 0.288$ at p value 0.000 which is less than 0.05. From Table 4.12, the bivariate linear regression model equation fitted using unstandardized coefficients is; $Y = 2.586 + 0.288X_1 + e$

2.586 is the constant

X_1 is training of special groups' index

This means that training of special groups positively and significantly influences implementation of preference and reservation scheme. It also means that an increase of one unit of X_1 increases Y by 0.288. The indication was that training of special groups is a major factor that affects implementation of preference and reservation scheme. Access to Government Procurement Opportunities (AGPO) is a program geared towards enabling the youth, persons with disabilities and women access to 30% of all government procurement opportunities in Kenya. To achieve this, a deliberate effort must be put in place to develop training programs aimed at empowering women, youth and persons with disabilities to enable them acquire prerequisite skill to enable them identify opportunities to do business with Government.

4.6.3 Influence of Tender Evaluation Committees Competence

The bivariate linear regression analysis results of tender evaluation committees' competence on implementation of preference and reservation scheme in tertiary institutions were as shown in Table 4.13 to 4.15

Table 4.13: Tender Evaluation Committees Competence Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.116 ^a	.014	.006	1.19736
a. Predictors: (Constant), tender evaluation committees competence				

From the regression results in Table 4.13, the R value was 0.116 indicating that there is weak a relationship between tender evaluation committees competence on implementation of preference and reservation scheme in tertiary institutions. The R squared (R2) value of 0.014 shows that 1.4 percent of the implementation of preference and reservation scheme is explained by tender evaluation committees' competence all other factors held constant. The remaining 98.6 percent is explained by other factors.

Table 4.14: Tender Evaluation Committees Competence Model ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.556	1	2.556	1.783	.184 ^b
	Residual	186.376	130	1.434		
	Total	188.932	131			
a. Dependent Variable: implementation of preference and reservation scheme						
b. Predictors: (Constant), tender evaluation committees competence						

The model was significant with the F ratio = 1.783 at p value $0.000 < 0.05$. This is an indication that tender evaluation committees' competence when considered singly has a significant effect on the implementation of preference and reservation scheme in tertiary institutions.

Table 4.15: Tender Evaluation Committees Competence Model Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.914	.468		6.226	.000
	Tender evaluation committees competence	.151	.113	.116	1.335	.184

a. Dependent Variable: implementation of preference and reservation scheme

Tender evaluation committees' competence had positive but insignificant effect on implementation of preference and reservation scheme with $\beta = 0.151$ at p value 0.184 which is greater than 0.05. From Table 4.15, the bivariate linear regression model equation fitted using unstandardized coefficients is; $Y = 2.914 + 0.151X_1 + e$

2.914 is the constant

X_1 is tender evaluation committees' competence index

This means that tender evaluation committees' competence positively but insignificantly influence implementation of preference and reservation scheme. It also means that an increase of one unit of X_1 increases Y by 0.151. The indication was that tender evaluation committees' competence has slightly affects implementation of preference and reservation scheme though the effect is insignificant.

4.6.4 Influence of Regulatory Framework

The bivariate linear regression analysis results of regulatory framework on implementation of preference and reservation scheme in tertiary institutions were as shown in Table 4.16 to 4.18

Table 4.16: Regulatory Framework Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.399 ^a	.159	.153	1.10539

a. Predictors: (Constant), regulatory framework

From the regression results in Table 4.16, the R value was 0.399 indicating that there is a relationship between regulatory framework on implementation of preference and reservation scheme in tertiary institutions. The R squared (R^2) value of 0.159 shows that 15.9 percent of the implementation of preference and reservation scheme is explained by regulatory framework all other factors held constant. The remaining 86.1 percent is explained by other factors.

Table 4.17: Regulatory Framework Model ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	30.086	1	30.086	24.623	.000 ^b
	Residual	158.845	130	1.222		
	Total	188.932	131			
a. Dependent Variable: implementation of preference and reservation scheme						
b. Predictors: (Constant), regulatory framework						

The model was significant with the F ratio = 24.623 at p value $0.000 < 0.05$. This is an indication that regulatory framework when considered singly has a significant effect on the implementation of preference and reservation scheme in tertiary institutions.

Table 4.18: Regulatory Framework Model Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.823	.356		5.127	.000
	Regulatory Framework	.440	.089	.399	4.962	.000
a. Dependent Variable: implementation of preference and reservation scheme						

Regulatory framework had positive and significant effect on implementation of preference and reservation scheme with $\beta = 0.440$ at p value 0.000 which is less than

0.05. From Table 4.18, the bivariate linear regression model equation fitted using unstandardized coefficients is; $Y = 1.823 + 0.440X_1 + e$

1.823 is the constant

X_1 is regulatory framework index

This means that regulatory framework positively and significantly influences implementation of preference and reservation scheme. It also means that an increase of one unit of X_1 increases Y by 0.440. The indication was that regulatory framework is a major factor that affects implementation of preference and reservation scheme.

4.7 Overall Regression Analysis

The study carried out multiple regression analysis between the independent and dependent variables of the study. In order to conduct multiple regression analysis, the set of items that measured each independent variable were aggregated by computing the average. Multiple regression analysis was then used to test whether there existed interdependency between independent variables (access to finance by special groups, training of special groups, tender evaluation committees' competence and regulatory framework) and dependent variable (implementation of preference and reservation scheme). The findings of the multiple regression analysis for each of the four independent variables are discussed in Table 4.19 to Table 4.21.

Table 4.19: Model Summary for Implementation of Preference and Reservation Scheme to Special Groups

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.497 ^a	.247	.223	1.05858
a. Predictors: (Constant), regulatory framework , tender evaluation committees competence , access to finance by special groups , training of special groups				

From the regression results in Table 4.19, the R value was 0.497 indicating that there is a relationship between access to finance by special groups, training of special groups, tender evaluation committees' competence and regulatory framework on implementation

of preference and reservation scheme in tertiary institutions. The R squared (R^2) value of 0.247 shows that 24.7 percent of the implementation of preference and reservation scheme is explained by the factors under consideration. The remaining 85.3 percent is explained by other factors.

Table 4.20: ANOVA for Implementation of Preference and Reservation Scheme to Special Groups

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	46.618	4	11.654	10.400	.000 ^b
	Residual	142.314	127	1.121		
	Total	188.932	131			
a. Dependent Variable: implementation of preference and reservation scheme						
b. Predictors: (Constant), regulatory framework , tender evaluation committees competence , access to finance by special groups , training of special groups						

The model was significant with the F ratio = 10.400 at p value $0.000 < 0.05$. This is an indication that access to finance by special groups, training of special groups, tender evaluation committees' competence and regulatory framework when combined together had a significant effect on the implementation of preference and reservation scheme in tertiary institutions.

Table 4.21: Coefficients for Implementation of Preference and Reservation Scheme to Special Groups

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.305	.627		.487	.627
Access to finance by special groups	.275	.090	.255	3.062	.003
Training of special groups	.185	.075	.208	2.468	.015

Tender evaluation committees competence	.099	.107	.076	.931	.353
Regulatory framework	.413	.097	.375	4.237	.000
a. Dependent Variable: implementation of preference and reservation scheme					

From the regression coefficient table, access to finance by special groups, training of special groups and regulatory framework when combined together had a positive and significant effect on the implementation of preference and reservation scheme in tertiary institutions with $\beta_1 = 0.275$ at p value 0.003, with $\beta_2 = 0.185$ at p value 0.015, and $\beta_4 = 0.5413$ at p value 0.000 which is less than 0.05 respectively. Tender evaluation committees competence had a positive but insignificant effect on the implementation of preference and reservation scheme in tertiary institutions with $\beta_3 = 0.099$ at p value 0.353 which is greater than 0.05. The regression equation for this study can be stated as: $Y = 0.305 + 0.275X_1 + 0.185X_2 + 0.413X_4 + e$.

X_1 is access to finance by special groups index

X_2 is training of special groups' index

X_4 is regulatory framework index

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of the research work undertaken, discusses the research findings, the conclusions that were drawn, recommendations made, knowledge gained and the suggested areas of further research based on the analyzed data related to the general and specific objectives of the study.

5.2 Summary of the Findings

The general objective of the study was to assess the challenges affecting the implementation of preference and reservation scheme to special groups in tertiary institutions. The study specifically sought to examine how access to finance by special groups, training of special groups, tender evaluation committees' competence, and regulatory framework affects implementation of preference and reservation scheme in Tertiary Institutions in Nyeri County. Overall, the findings of the study revealed that:

5.2.1 Access to Finance by Special Groups

The first objective of the study was to assess how access to finance by special groups affects the implementation of preference and reservation scheme in tertiary institutions. In order to ascertain the relationship between access to finance by special groups and implementation of preference and reservation scheme in tertiary institutions, the study carried out both descriptive and bivariate regression analyses. The study accentuates that at 5% level of significance the regression results indicated a positive and significant relationship between access to finance by special groups and implementation of preference and reservation scheme in tertiary institutions when considered alone and when combined with other factors. The results revealed that access to finance by special groups was major factor that affects implementation of preference and reservation scheme in tertiary institutions. Lack of collateral by special groups makes banks hesitant from extending loans to them to participate in public procurement. The banks do not provide LPO/LSO financing to special groups supplier in good time to facilitate timely

supply of goods due to their unique characteristics coupled with several inadequacies which necessitate banks to take extra precautions.

5.2.2 Training of Special Groups

The second objective of the study was to evaluate how training of special groups affects implementation of preference and reservation scheme in tertiary institutions. In order to ascertain the relationship between training of special groups and implementation of preference and reservation scheme in tertiary institutions, the study carried out both descriptive and bivariate regression analyses. The study accentuates that at 5% level of significance, the regression results indicated a positive and significant relationship between training of special groups and implementation of preference and reservation scheme in tertiary institutions when considered alone and when combined with other factors. The results revealed that inadequate training of youth, women and PWDs on AGPO and entrepreneurial skill is a major challenge affected the implementation of 'preference and reservation scheme'. Lack of skills on how public procurement system operates, as well as inadequate knowledge on how to apply for tenders by youth, women and PWDs affects the implementation of preference and reservation scheme. Therefore training on business management skills and entrepreneurship skills to special groups will enhance uptake of reserved opportunities.

5.2.3 Tender Evaluation Committees' Competence

The third objective of the study was to assess the effect tender evaluation committees' competence on implementation of preference and reservation scheme in tertiary institutions. In order to ascertain the relationship between tender evaluation committees' competence and implementation of preference and reservation scheme in tertiary institutions, the study carried out both descriptive and bivariate regression analyses. The study accentuates that at 5% level of significance the regression results indicated a positive and significant relationship between tender evaluation committees' competence and implementation of preference and reservation scheme in tertiary institutions when considered alone and when combined with other factors. Lack of knowledge on public procurement process and the requirements for preference and reservation scheme by

tender evaluation committees is a major challenge on implementation of the scheme to special groups. In addition failure to induct evaluation team on public procurement and AGPO has negatively affected implementation of preference and reservation.

5.2.4 Regulatory Framework

The fourth objective of the study was to assess how regulatory framework affects implementation of preference and reservation scheme in tertiary institutions. In order to ascertain the relationship between regulatory framework and implementation of preference and reservation scheme in tertiary institutions, the study carried out both descriptive and bivariate regression analyses. The study accentuates that at 5% level of significance the regression results indicated a positive and significant relationship between regulatory framework and implementation of preference and reservation scheme in tertiary institutions when considered alone and when combined with other factors. The study revealed that failure to conduct Compliance audit leads to low implementation of preference and reservation scheme. In addition, the current legislation on preference and reservation is too lenient and procuring entities implement them by choice and no penalties for non-compliance

5.3 Conclusions of the Study

The study revealed that access to finance by special groups had positive and significant effect on implementation of preference and reservation scheme. The results further revealed that access to finance by special groups were major factor that affects implementation of preference and reservation scheme in tertiary institutions. Lack of collateral by special groups' makes financial institutions hesitant from extending loans to them in order participate in public procurement. Currently financial institutions do not extend LPO financing to special groups supplier in good time to facilitate timely supply of goods due to their unique characteristics coupled with several inadequacies which necessitate banks to take extra precautions. Therefore the study concludes that deliberate effort needs to be initiated through government interventions to ensure that special groups are given preferential treatment when accessing financial support from financial institutions.

Training of special groups had positive and significant effect on implementation of preference and reservation scheme. The study revealed that there has been inadequate training of youth, women and PWDs on AGPO and entrepreneurial skill and how public procurement system operates, as well as inadequate knowledge on how to apply for tenders by youth, women and PWDs affects the implementation of preference and reservation scheme. To achieve intended objective of enabling the youth, persons with disabilities and women access to 30% of all government procurement opportunities in Kenya, a deliberate effort must be put in place to develop training programs aimed at empowering women, youth and persons with disabilities to enable them acquire prerequisite skill to enable them identify opportunities to do business with Government.

Tender evaluation committees' competence had positive but insignificant effect on implementation of preference and reservation scheme. Lack of knowledge on public procurement process and the requirements for preference and reservation scheme by tender evaluation committees is a major challenge on implementation of the scheme to special groups. The study concludes that tender evaluation should be performed by competent and qualified staff with high professional and ethical standards and using sound procedures anchored in appropriate policies and regulations.

Regulatory framework had positive and significant effect on implementation of preference and reservation scheme. The study revealed that failure to conduct compliance audit leads to low implementation of preference and reservation scheme. In addition, the current legislation on preference and reservation is too lenient and procuring entities implement them by choice and no penalties for non-compliance. The study recommends that Public Procurement Regulations requires reforms to provide supportive regulatory framework which will establish an independent body that will facilitate continuous capacity developments of the disadvantaged groups and establish mechanism to for regular compliance audit since the current regulation is not clear action to be taken on non-compliance.

5.4 Recommendations of the Study

Based on the research study, a number of recommendations can be made:-

- i. The government should develop intervention strategies or policies to ensure easy access to fund by special group to enable them participate in public procurement
- ii. The government should develop training programs aimed at empowering women, youth and persons with disabilities to enable them acquire prerequisite skills to enable them identify the reserved opportunities to do business with Government.
- iii. Tender evaluation should be performed by competent and qualified staff with high professional and ethical standards and using sound procedures anchored in appropriate policies and regulations.
- iv. Public Procurement requires reforms to provide supportive regulatory framework which will establish an independent body that will facilitate continuous capacity developments of the disadvantages groups and establish mechanism to for regular compliance audit since the current regulation is not clear action to be taken on non-compliance

5.5 Areas of Further Studies

The study confined itself to challenges affecting the implementation of preference and reservation scheme to special groups in tertiary institutions in Nyeri County, Kenya while there is need to undertake comparative studies covering other Counties in order to validate whether the findings can be generalized. This study considered four access to finance by special groups, training of special groups, tender evaluation committees' competence, and regulatory framework. Future researchers should also focus on other characteristics in order to establish their relationship with implementation of preference and reservation scheme.

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APPENDICES

Appendix I: Questionnaire

SECTION A: GENERAL INFORMATION

Kindly pay attention to instructions given and respond to the questions applicable to you.

1. Respondents category (tick as appropriate)

- | | |
|----------------------------|--------------------------|
| Procurement department | <input type="checkbox"/> |
| Finance department | <input type="checkbox"/> |
| Head of department | <input type="checkbox"/> |
| AGPO registered supplier | <input type="checkbox"/> |
| Prequalified AGPO supplier | <input type="checkbox"/> |

2. For how long have you been supplying to this Tertiary Institution? (Suppliers only)

- | | |
|-------------------|--------------------------|
| Less than 1 year | <input type="checkbox"/> |
| 1 – 2 years | <input type="checkbox"/> |
| 3 – 4 years | <input type="checkbox"/> |
| 4- 5 years | <input type="checkbox"/> |
| 5 years and above | <input type="checkbox"/> |

3. For how long have you been involved in tender/ quotation evaluation in this Tertiary Institution?

- | | |
|-------------------|--------------------------|
| Never | <input type="checkbox"/> |
| 1 year | <input type="checkbox"/> |
| 1 – 2 years | <input type="checkbox"/> |
| 3 – 4 years | <input type="checkbox"/> |
| More than 5 years | <input type="checkbox"/> |

PART TWO: Challenges affecting implementation of preference and reservation scheme

In this section, kindly use the scale below to indicate your level of agreement with the given statements by placing a tick (√) in the appropriate box

5- Strongly Agree (SA); 4-Agree (A); 3- Neutral (N); 2- Disagree (D); 1- Strongly Disagree (SD)

SECTION B: Access to Finance (Applicable to all respondents)

Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Access to finance is a major challenge slowing the uptake of 30% tenders reserved for Youths, Women and Persons with Disability (PWDs)					
Lack of collateral by special groups makes banks hesitant from extending loans to them to participate in public procurement					
Banks provide LPO/LSO financing to AGPO supplier in good time to facilitate timely supply of goods.					
LPO/LSO financing by banks is a hectic and lengthy process and special groups can't rely on it as a source of capital to honour LPO/LSOs issued by public entities					

Uwezo funds and Youth funds provided by the government to enhance the capacity women, Youths and PWDs are easily accessible					
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SECTION C: TRAINING (Applicable to all respondents)

Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Inadequate training of youth, women and PWDs on AGPO and entrepreneurial skill is a major challenge affected the implementation of 'preference and reservation scheme					
Lack of skills on how public procurement system operates, as well as inadequate knowledge on how to apply for tenders by youth, women and PWDs affects the implementation of preference and reservation scheme					
The government and other stakeholders have rolled out programs to sensitize and build capacity for special groups to empower them and accelerate the uptake of 30% tenders reserved for					

them					
Training on business management skills (registration process and entrepreneurship) targeting special groups will enhance uptake of reserved opportunities					

SECTION D: Tender Evaluation committee competence (Tertiary Institution staff only)

Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
HODs regularly appointed to ad hoc tender evaluation committees possess great understanding of preference and reservation scheme for special groups					
Lack of knowledge on public procurement process and the requirements for preference and reservation scheme by tender evaluation committees is a major challenge on implementation of the scheme					
Complex supplier evaluation criteria requiring prove of prior experience, audited accounts acts as a barrier for small businesses					

owned by youths, women and PWDs to win tenders or to be prequalifies					
Failure to induct evaluation team on public procurement and AGPO has negatively affected implementation of preference and reservation.					

SECTION E: Regulatory Framework (Applicable to all respondents)

Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
The current legislation on preference and reservation is too lenient and procuring entities implement them by choice and no penalties for non-compliance					
Failure to conduct Compliance audit leads to low implementation of preference and reservation scheme					
Public Procurement requires reforms to provide supportive regulatory framework which will establish an independent body that will facilitate continuous capacity developments of the disadvantages groups and establish mechanism to for regular					

compliance audits and punish entities going against this requirement					
The current legal framework on AGPO program is vague and it becomes a challenge during implementation of the initiative					

SECTION F: Implementation of Preference and Reservation scheme in The Tertiary Institution (Respectively)

Kindly indicate the actual figures for tenders awarded as well as value of reserved tenders over the period indicated.

Note: Government financial year starts 1st July – 30th June each year.

a) Number of tenders applied for. (AGPO registered suppliers)

Implementation of preference and reservation	2013/2014	2014/2015	2015/2016	2016/2017
Number of tenders applied for in this Tertiary Institution				
Number of tenders awarded				
Number of tenders failed				

b) Value of business reserved for special groups in Kenya shillings (Applicable to Procurement and Finance departments)

Implementation of preference and reservation	2013/2014	2014/2015	2015/2016	2016/2017
Value of tenders reserved for special				

groups in the procurement budget				
Actual value of tenders awarded to special groups				
Value of tenders reserved but special groups did not qualify or was not awarded				

Appendix II: Study Schedule

S/no	Activity	Period in Months						
		2017						
		Mar	June	July	Sep	Nov	Jan	Feb
1.	Formulation and development of Research Topic							
2.	Literature search and review Concept paper preparation							
3.	Proposal writing							
4.	Presentation of Research Proposal							
5.	Pilot test							
6.	Data Collection							
7.	Data interpretation and analysis							
8.	Submission of report and final project findings.							
9.	Publish the report							

Appendix III: Budget

ITEM	TOTAL COST (KSH)
Research proposal and typesetting of document	16,000.00
Photocopying services	5,000.00
Binding Services	3,000.00
Data collection and analysis	40,000.00
Traveling expenses	15,000.00
Miscellaneous	4,000.00
Publishing	22,000.00
Total expenses	105,000.00